

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the accompanying statements of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows- enterprise fund of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2012. These financial statements are the responsibility of **HACA's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana
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HACA was not able to resolve on February 8, 2013, issues related to the completeness of its recorded capital assets, net assets, and interfund out of balance condition. Further, we were unable to obtain a discussion or evaluation, if any, from **HACA**'s legal counsel regarding any pending and/or threatened litigation. As such, we were unable to apply sufficient auditing procedures in those areas. (See audit findings reference numbers 2012-02, 2012-15 and 2012-20 for additional discussion).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding interfund activities, the completeness of capital and net assets and a discussion or evaluation, if any, of pending and threatened litigation, the financial statements referred to above present fairly, in all material respects, the financial position of **HACA** as of June 30, 2012, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that **HACA** will continue as a going concern. As discussed in NOTE 19 to the financial statements, **HACA** continues to have operating losses in its Housing Programs which continue to raise doubt as a going concern. Management's overall plan has been discussed in NOTE 19 to the accompanying financial statements. The accompanying financial statements do not include any adjustments that might result from the outcome of the uncertainty.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2013, on our consideration of HACA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

February 8, 2013



HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of **Housing Authority of the City of Alexandria (HACA)**, has complied with the requirements of Government Accounting Standards Board Statement No. 34 and offers readers of **HACA's** financial statements this narrative overview and analysis of the financial activities of **HACA** for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with **HACA's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **HACA** exceeded its liabilities by \$21,382,244 and \$20,688,267 at June 30, 2012 and 2011 (*net assets*). Of the amount, \$3,591,944 at June 30, 2012 and \$2,048,911 at June 30, 2011 (*unrestricted net assets*) may be used to meet **HACA's** ongoing obligations to citizens and creditors.

Restricted net assets were \$-0- and \$841,082 at June 30, 2012 and 2011.

HACA's enterprise fund reported net assets of \$21,382,244 and \$20,688,267 at June 30, 2012 and 2011, an increase in net assets of \$693,977 at 2012 an increase of \$7,975,524 at 2011. These changes are primarily attributable to the financial impact of HUD's Capital Fund funding levels and changes in operating grants for both 2012 and 2011.

HACA had dwelling rental revenues of \$619,500 and \$700,149 for the years ended June 30, 2012 and 2011. HUD operating, capital grant revenues and other fees were \$6,587,910 and \$14,285,796 and non-operating revenues of \$176,794 and \$759,863, respectively. Total operating expenses for the years ended June 30, 2012 and 2011 were \$6,905,600 and \$9,310,702.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating, capital grants and fees from the Federal government and dwelling rental constitute 97.7% for 2012 and 95.1% for 2011 of **HACA's** total revenues. Non-operating revenues for the years ended June 30, 2012 and 2011 were 1.6% and 4.8%, respectively of total revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to **HACA's** basic financial statements. **HACA's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **HACA** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

REPORTING ON HACA AS A WHOLE

One of the most important questions asked about **HACA's** finances, "Is **HACA** as a whole better off, or worse off, as a result of the achievements of fiscal years 2012 and 2011?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about **HACA** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **HACA**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **HACA** has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - **HACA's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **HACA** to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Housing Choice Voucher Program - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **HACA** is paid by HUD to administer the program.

Disaster Housing Assistance and Voucher Programs - These programs provide transitional housing for families impacted by events caused by hurricane storms and homelessness.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **HACA's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HACA's** units.

Capital Fund Stimulus Grant Programs - These programs provide funding for capital improvements for its housing stock and management activities.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

USING THIS ANNUAL REPORT

HACA's annual report consists of financial statements that show information about **HACA's** enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements and their report on compliance with **HACA's** major programs. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON HACA MOST SIGNIFICANT FUND

HACA's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, **HACA** may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

HACA's enterprise fund used the following accounting approach:

Proprietary Funds - All of **HACA's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

Condensed Statement of Net Assets

The following table represents a condensed Statement of Net Assets as of June 30, 2012 and 2011:

Condensed Statement of Net Assets		
June 30		
	<u>Assets</u>	
	<u>2012</u>	<u>2011</u>
Current assets	\$ 3,972,497	\$ 3,426,586
Noncurrent assets	<u>20,313,635</u>	<u>20,321,441</u>
Total assets	<u>24,286,132</u>	<u>23,748,027</u>
	<u>Liabilities</u>	
Current liabilities	2,814,412	2,961,811
Noncurrent liabilities	<u>89,476</u>	<u>97,949</u>
Total liabilities	<u>2,903,888</u>	<u>3,059,760</u>
	<u>Net Assets</u>	
Net assets:		
Invested in capital assets, net	17,790,300	17,799,174
Restricted	-0-	841,082
Unrestricted	<u>3,591,944</u>	<u>2,048,011</u>
Total net assets	<u>\$21,382,244</u>	<u>\$20,688,267</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended June 30, 2012 and 2011:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended June 30**

	<u>2012</u>	<u>2011</u>
Revenues:		
Operating revenues	\$ <u>5,935,401</u>	\$ <u>7,856,476</u>
Total operating revenues	<u>5,935,401</u>	<u>7,856,476</u>
Expenses:		
Operating expenses	<u>6,905,600</u>	<u>9,310,702</u>
Total operating expenses	<u>6,905,600</u>	<u>9,310,702</u>
Operating loss	<u>(970,199)</u>	<u>(1,454,226)</u>
Non-operating revenues:		
Non-operating revenues	<u>176,794</u>	<u>759,863</u>
Total non-operating revenues	<u>176,794</u>	<u>759,863</u>
Capital contributions:		
Capital grants	<u>1,346,605</u>	<u>7,129,469</u>
Total capital contributions	<u>1,346,605</u>	<u>7,129,469</u>
Change in net assets	553,200	6,435,106
Beginning net assets, as restated	<u>20,829,044</u>	<u>14,253,161</u>
Ending net assets	<u>\$21,382,244</u>	<u>\$20,688,267</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS

Overall, net assets increased by 3.6% from 2011 to 2012.

That change in 2012 is reflected as an increase in capital grants receivable which constitutes 70% of total current assets. The increase in grants receivable was due to the timing in reimbursement in capital grants from HUD.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2011 decreased by \$8,287,018 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$700,149 in 2011 to \$619,500 in 2012, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.
- Operating grants from HUD for the Low Rent Public, Capital Funds (non-capital) and Housing Choice Voucher and Disaster Programs, decreased from \$7,156,327 in 2011 to \$6,587,910 in 2012 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and operating grants from various Capital Fund awards.
- Capital funds for modernization of projects decreased from \$7,129,469 in 2011 to \$1,346,605 in 2012 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$759,863 in 2011 to \$176,794 in 2012 as a result of fee based activity by the central office.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Compared to the prior fiscal year, total operating expenses decreased from \$9,310,702 in 2011 to \$6,905,600 for the year ended June 30, 2012.

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords from \$3,886,409 during 2011 to \$3,521,356 in 2012.
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director and other personnel. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net assets increased by 62.7% from 2010 to 2011.

The contributing factors for the change follows:

- o For 2011 current assets increased by 55.7% due to the net effect of changes in dwelling rental income administrative fees and capital and operating funding levels.
- o Capital assets increased net of accumulated depreciation by 39.4%.
- o Current liabilities increased by 164.9% due to the acquisition of a line of credit for the construction at the Legacy Heights.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2011 increased from \$6,970,717 to \$15,745,808 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from 2010 to 2011 by 38.3% primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Grants from HUD for the Low Rent Public and Housing Choice Voucher and Disaster Programs increased from \$5,635,406 in 2010 to \$7,156,327 in 2011 due primarily to the level of leased-up in the Voucher and Disaster Programs impacting its earned grant.
- Capital funds for modernization of projects increased from \$594,211 in 2010 to \$7,129,469 in 2011 as a result of funding availability from HUD.

Compared to the prior fiscal year, total operating expenses increased from \$8,953,867 in 2010 to \$9,310,702 for the year ended June 30, 2011.

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords by 5.6% from 2010 to 2011.
- Inflationary impact on operating expenses specifically employee compensation and related benefits, utilities, supplies and materials during the years ended June 30, 2010 and 2011.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012 and 2011, **HACA** had \$20,290,300 and \$20,299,174 invested in a broad range of capital assets, including land, buildings and building improvements, automobiles, furniture and equipment and construction in progress. This amount represents a net decrease (including additions, deductions and depreciation) of \$8,874.

	Capital Assets, Net	
	June 30	
	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 2,129,199	\$ 2,098,343
Buildings and buildings improvements	38,783,641	36,671,388
Automobiles, furniture and equipment	488,966	1,474,767
Construction in progress	<u>1,651,367</u>	<u>2,086,548</u>
	43,053,173	42,331,046
Less accumulated depreciation expense	<u>(22,762,873)</u>	<u>(22,031,872)</u>
Total	\$ <u>20,290,300</u>	\$ <u>20,299,174</u>

See Note 4 for additional information.

Debt

HACA long-term obligation at June 30, 2012 was \$89,476 and \$97,949 for 2011.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HACA is primarily dependent upon HUD for the funding of its operations; therefore **HACA** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending June 30, 2013 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **HACA's** finances and to show **HACA's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Alexandria, P. O Box 8219, Alexandria, LA 71306 telephone number (318) 442-8843.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF NET ASSETS- ENTERPRISE FUND
JUNE 30, 2012

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 5)	\$ 863,251
Restricted cash (NOTES 5 and 6)	63,063
Amounts receivable, net (NOTE 2)	2,905,832
Prepaid and other assets (NOTE 3)	<u>140,351</u>

Total current assets 3,972,497

Non-current assets:

Capital assets, net (NOTES 4 and 13)	20,290,300
Investment (NOTE 7)	<u>23,335</u>

Total non-current assets 20,313,635

Total assets 24,286,132

LIABILITIES

Current Liabilities:

Line of credit (NOTE 10)	2,500,000
Due to other funds, net	61,767
Amounts and other payables (NOTE 8)	55,194
Accrued liabilities - Pilot	38,112
Accrued interest payable	31,014
Compensated absences payable (NOTE 14)	38,307
Deferred revenues (NOTE 18)	26,955
Security deposits held for tenants (NOTE 6)	<u>63,063</u>

Total current liabilities 2,814,412

Non-current liabilities:

Compensated absences payable (NOTE 14)	<u>89,476</u>
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Total non-current liabilities 89,476

Total liabilities 2,903,888

NET ASSETS

Net Assets:

Invested in capital assets, net of related debt	17,790,300
Unrestricted	<u>3,591,944</u>

Total net assets \$21,382,244

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Operating Revenues:	
HUD operating grants	\$ 4,855,616
Administrative fees earned	460,285
Dwelling rental	<u>619,500</u>
Total operating revenues	<u>5,935,401</u>
Operating Expenses:	
Salaries and employee benefits	1,538,928
Contractual services	97,141
Utilities	149,087
Depreciation	861,003
Insurance	130,914
Housing assistance payments	3,521,356
Maintenance and repairs	255,160
Convention and travel	5,656
Telephone	45,338
Bad debt expense	49,204
Payment in lieu of taxes	40,889
Supplies	21,547
Postage	7,217
Publication	8,703
Tenant services	843
Membership dues and fees	8,898
Bank charges	9,009
General	<u>154,707</u>
Total operating expenses	<u>6,905,600</u>
Operating loss	<u>(970,199)</u>
Non-operating revenues:	
Interest income	1,884
Other	<u>174,910</u>
Total non-operating revenues	<u>176,794</u>
Capital contributions:	
HUD capital grants	<u>1,346,605</u>
Total capital contributions	<u>1,346,605</u>
Change in net assets	<u>553,200</u>
Net assets, beginning of year, as previously reported	20,688,267
Prior period adjustments (NOTE 16)	<u>140,777</u>
Net assets, beginning of year, as restated	<u>20,829,044</u>
Net assets, end of year	<u>\$21,382,244</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Cash flows from Operating Activities	
Operating grants	\$ 4,805,572
Receipt from tenants	610,574
Receipts - other	192,079
Payments to suppliers for goods and services	(1,433,155)
Payments to employees	(1,595,183)
Payments to landlords	<u>(3,521,356)</u>
Net cash used by operating activities	<u>(941,469)</u>
Cash Flows from Investing Activities:	
Purchase of investment	<u>(1,068)</u>
Cash used by investing activities	<u>(1,068)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(852,129)
Capital contributions	1,346,605
Other	<u>177,194</u>
Net cash provided by capital and related financing activities	<u>671,670</u>
Net decrease in cash and temporary cash investments	(270,867)
Cash and temporary cash investments, beginning of year	<u>1,197,181</u>
Cash and temporary cash investments, end of year	\$ <u><u>926,314</u></u>
NOTE: Cash	\$ 863,251
Restricted	<u>63,063</u>
	\$ <u><u>926,314</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of Operating Loss to Net Cash Used
by Operating activities:

Operating loss	\$(970,199)
Adjustments to reconcile operating loss to cash used by Operating activities:	
Depreciation	861,003
Adjustments to beginning net assets	140,377
Provision for bad debts	49,204
Changes in net assets and liabilities:	
Increase in amounts	40,836
Increase in prepaid and other assets	(61,189)
Decrease in amounts and other payables	(178,651)
Increase in deferred revenues	10,166
Decrease in compensated absences payable	(44,829)
Increase in security deposits	16,606
Increase in accounts receivable	(804,793)
Net cash used by operating activities	<u>\$(941,469)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Alexandria (HACA) is a chartered public corporation under the laws of the State of Louisiana. **HACA's** is governed by a five (5) member Board of Commissioners, all appointed by the City and serve five year staggered terms. The Board of **HACA** exercises all powers granted to **HACA**.

At June 30, 2012, **HACA** was primarily engaged in providing safe and sanitary dwelling accommodations for the residents of the City of Alexandria through the administration of its Low Rent Public Housing, Housing Choice Voucher, Disaster Assistance Housing, Disaster Voucher and Veterans Affairs Supportive Housing Programs to low-income residents in the City of Alexandria.

Under the Low Rent Public Housing Program, **HACA** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled Section 8 and Voucher programs) **HACA** provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance and the Disaster Voucher Housing Programs provide transitional assistance for families impacted by the events of hurricane storm damages. The Veterans Affairs Supportive Housing Program provides housing assistance to veterans.

Financial Reporting Entity

GASB Statements No. 14 and No. 39 establishes the criteria for determining which, if any, component units should be considered part of **HACA** for financial reporting purposes. The basic criterion for including a component unit within the reporting entity is financial accountability, which includes:

1. Appointing a majority of an organization's governing body, and;
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, **HACA** has determined that the following component unit should be considered as part of **HACA** reporting entity:

The Alexandria Affordable Housing Corporation (AAHC) is a legally separate entity. This entity has facilitated demolition of **HACA's** rental units and redevelopment of rental units. The AAHC is providing services that benefit **HACA** because these services would be provided by **HACA** in the absence of the AAHC. AAHC is included through blended presentation.

HACA is a related organization of the City of Alexandria, Louisiana since the city appoints a voting majority of **HACA's** governing board. The City is not financially accountable for **HACA** as it cannot impose its will on **HACA** and there is no potential for **HACA** to provide financial benefit to, or impose financial burdens on, the City. Accordingly, **HACA** is not a component unit of the financial reporting entity of the City of Alexandria.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, **HACA's** financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Specifically, the accounts of **HACA** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACA** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HACA's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **HACA** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **HACA** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **HACA** as deferred revenue upon award.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation

HACA adopted the provisions of Government Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation, Continued

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in **HACA's** operating statement. **HACA's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HACA** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HACA's** operating statement. **HACA** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Pursuant to GASB Statement No. 20, **HACA** has elected to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **HACA** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

Capital Assets

Capital assets are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HACA follows the practice of capitalizing all structures and equipment over \$500.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Structures and equipment are depreciated in the enterprise fund of **HACA** using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At June 30, 2012, it is managements assertion that there are no impairment of capital assets pursuant to GASB Statement No. 42.

Compensated Absences

HACA follows the Louisiana State Civil Service policies regarding compensated absences. Under those regulations, employees may accumulate three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

HACA prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HACA does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by **HACA's** Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, **HACA** considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of June 30, 2012 consisted of the following:

	Capital Fund Program	Low Rent Public Housing Program	Total
Tenant accounts receivable	\$ -0-	\$ 31,150	\$ 31,150
Operating and capital grants	<u>2,876,897</u>	<u>-0-</u>	<u>2,876,897</u>
Sub-total	2,876,897	31,150	2,908,047
Less allowance for doubtful accounts	<u>-0-</u>	<u>(2,215)</u>	<u>(2,215)</u>
Total	<u>\$2,876,897</u>	<u>\$ 28,935</u>	<u>\$2,905,832</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Prepaid and Other Assets:

Prepaid and other assets at June 30, 2012, consisted of the following:

Inventory of materials	\$ 19,025
Prepaid expenses	<u>121,326</u>
	<u>\$140,351</u>

NOTE 4 - Capital Assets:

At June 30, 2012, capital assets consisted of the following:

<u>Description</u>	<u>As Previously Reported July 1, 2011</u>	<u>Net Change</u>	<u>Balance June 30, 2012</u>
Land and land improvements	\$ 2,098,343	\$ 30,856	\$ 2,129,199
Building and building improvements	36,671,388	2,112,253	38,783,641
Automobile, furniture and equipment	1,474,767	(985,801)	488,966
Construction in progress	<u>2,086,548</u>	<u>(435,181)</u>	<u>1,651,367</u>
Sub-total	42,331,046	722,127	43,053,173
Less accumulated depreciation	<u>(22,031,872)</u>	<u>(731,001)</u>	<u>(22,762,873)</u>
Total	<u>\$ 20,299,174</u>	<u>\$ (8,874)</u>	<u>\$ 20,290,300</u>

We were unable to provide the detail disclosure of capital asset activity between years as further discussed at audit findings reference numbers 2012-15 and 2012-20.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment:

At June 30, 2012, the carrying amount of **HACA's** deposits was \$926,314 and the bank balance was \$860,762. Of this amount \$250,000 was covered by federal depository insurance and the balance collateralized by a pledge of securities in the joint name of **HACA** and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **HACA's** deposits may not be returned to it. **HACA** has no deposit policy for custodial risk; however, none of **HACA's** bank balances were expensed to custodial risk.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended June 30, 2012, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment, Continued:

At June 30, 2011, cash and temporary cash investment consisted of the following:

	<u>Private Property Fund</u>	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Veterans Affairs Supportive Housing</u>	<u>Housing Choice Voucher Program</u>	<u>Capital Fund Program</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand deposits	\$49,772	\$-0-	\$424,972	\$45,725	\$402,724	\$3,121	\$926,314	.017%	N/A
Total	\$49,772	\$-0-	\$424,972	\$45,725	\$402,724	\$3,121	\$926,314		

NOTE 6 - Restricted Cash:

At June 30, 2012, restricted cash consisted of \$63,063 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

The total restricted cash of \$63,063 represents the carrying amount and bank balance at June 30, 2012. Further, the amount is collateralized as previously described in NOTE 5.

NOTE 7 - Investment:

At June 30, 2012, investment consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of deposit	\$ 6,570	\$ 6,570	3.35%	07-22-13
Certificate of deposit	6,570	6,570	3.35%	07-22-13
Certificate of deposit	10,195	10,195	3.35%	07-22.13
	<u>\$23,335</u>	<u>\$23,335</u>		

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Amounts and Other Payables:

Amounts and other payables at June 30, 2012, consisted of the following:

	Asset Management Projects	Central Office Cost Center	Capital Fund Program	Housing Choice Voucher Program	Total
Accounts payable-vendors	\$52	\$55,396	\$-0-	\$ (254)	\$55,194
Total	\$52	\$55,396	\$-0-	\$ (254)	\$55,194

NOTE 9 - Risk Management:

HACA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **HACA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Line of Credit:

At June 30, 2012, **HACA** is obligated to a bank for a line of credit advance totaling \$2,500,000 at an interest rate of 3.5% which matured on March 10, 2012. The line of credit was paid off in November 2012.

NOTE 11 - Concentration of Credit Risk:

HACA receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, **HACA's** operating results could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Contingencies:

HACA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HACA**. These examinations may result in required refunds by **HACA** to the agencies and/or program beneficiaries.

NOTE 13 - Commitments:

At June 30, 2012, **HACA** has executed agreements with HUD for various modernization, acquisitions and management improvement projects.

NOTE 14 - Compensated Absences Payable:

Compensated absences payable at June 30, 2012 of \$127,783 represents unpaid accrued vacation earned by employees.

<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<u>\$38,307</u>	<u>\$89,476</u>	<u>\$127,783</u>

NOTE 15 - Per Diem to Board Members:

During the year ended June 30, 2012, no board member received per diem in his or her capacity as a commissioner.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - Restatement of Beginning Net Assets:

Net assets at the beginning of the year has been restated to properly account for the effect of transactions resulting from equity transfers and the effect of prior period adjustments.

NOTE 17 - Retirement Plan:

HACA has two (2) retirement plans a 401(k) plan which is not active and a 457 retirement plan that is active. **HACA's** contribution to the plan is discretionary and determined by the Board of Commissioners.

Plan Funding

Funding for the Plan is through a discretionary contribution by **HACA**. Eligibility is based on full-time employment.

HACA gross payroll for participating employees for the year ended June 30, 2012 was \$1,281,326. **HACA** employee contributions made for the year ended June 30, 2012 was \$32,762.

NOTE 18 - Deferred Revenues:

At June 30, 2012 deferred revenues represents funds advanced to **HACA** for its Capital Funds Program.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - Operating Losses:

For the year ended June 30, 2012, **HACA** incurred operating losses in its Asset Management Projects, Central Office Cost Center, Affordable Housing, Private and its Housing Voucher Programs.

The cumulative operating loss for the year ended June 30, 2012 was \$(970,199). Management continues to function under a plan of cost containment coupled with revenue enhancement strategies.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund condition, capital assets, net assets and legal representation, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

The supplementary information (Schedules II, III, IV, and V) required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund condition, capital assets, net assets and legal representation, Schedules II, III, IV, and V are fairly stated in all material respects in relation to the financial statements taken as a whole.

Also, the supplementary information (Exhibits I, II, III, IV and V), which is prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund condition, capital assets, net assets and legal representation Exhibits I, II, III, IV and V are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

February 8, 2013

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND
JUNE 30, 2012**

ACCOUNT DESCRIPTION	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Current Assets:												
Cash	\$ -0-	\$ 3,121	\$ 361,909	\$ -0-	\$ 49,772	\$ 414,802	\$ 402,724	\$ -0-	\$ -0-	\$ 45,725	\$ 448,449	\$ 863,251
Restricted cash	-0-	-0-	63,063	-0-	-0-	63,063	-0-	-0-	-0-	-0-	-0-	63,063
Amounts receivable - net	27,428	2,876,897	-0-	-0-	1,507	2,905,832	-0-	-0-	-0-	-0-	-0-	2,905,832
Prepaid and other assets	111,934	-0-	2,032	-0-	5,588	119,554	1,772	-0-	-0-	-0-	1,772	121,326
Due from other funds	2,255,251	-0-	2,806,293	407,250	116	5,468,910	-0-	-0-	293,961	71,478	365,439	5,834,349
Inventory - materials	19,025	-0-	-0-	-0-	-0-	19,025	-0-	-0-	-0-	-0-	-0-	19,025
Total current assets	2,413,638	2,880,018	3,233,297	407,250	56,983	8,991,186	404,496	-0-	293,961	117,203	815,660	9,806,846
Noncurrent Assets:												
Investment	23,335	-0-	-0-	-0-	-0-	23,335	-0-	-0-	-0-	-0-	-0-	23,335
Capital assets, net	8,020,061	12,159,479	-0-	-0-	110,760	20,290,300	-0-	-0-	-0-	-0-	-0-	20,290,300
Total non-current assets	8,043,396	12,159,479	-0-	-0-	110,760	20,313,635	-0-	-0-	-0-	-0-	-0-	20,313,635
Total assets	10,457,034	15,039,497	3,233,297	407,250	167,743	29,304,821	404,496	-0-	293,961	117,203	815,660	30,120,481

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND, CONTINUED
JUNE 30, 2012

ACCOUNT DESCRIPTION	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Liabilities:												
Current Liabilities:												
Accounts payable	\$ 52	\$ -0-	\$ 55,396	\$ -0-	\$ -0-	\$ 55,448	\$ (254)	\$ -0-	\$ -0-	\$ -0-	\$ (254)	\$ 55,194
Due to other funds	1,257,503	380,018	3,382,007	-0-	35,525	5,055,053	810,387	10,252	-0-	20,424	841,063	5,896,116
Line of credit	-0-	2,500,000	-0-	-0-	-0-	2,500,000	-0-	-0-	-0-	-0-	-0-	2,500,000
Accrued interest	-0-	31,014	-0-	-0-	-0-	31,014	-0-	-0-	-0-	-0-	-0-	31,014
Accrued compensated absence	15,972	-0-	10,076	-0-	288	26,336	12,011	(20)	-0-	(20)	11,971	38,307
Accrued pilot	38,112	-0-	-0-	-0-	-0-	38,112	-0-	-0-	-0-	-0-	-0-	38,112
Deferred revenue	4,843	-0-	22,112	-0-	-0-	26,955	-0-	-0-	-0-	-0-	-0-	26,955
Tenant security deposit	62,108	-0-	-0-	-0-	955	63,063	-0-	-0-	-0-	-0-	-0-	63,063
Total current liabilities	1,378,590	2,911,032	3,469,591	-0-	36,768	7,795,981	822,144	10,232	-0-	20,404	852,780	8,648,761
Non-current liabilities:												
Accrued compensated absence non-current	37,269	-0-	23,511	-0-	672	61,452	28,024	-0-	-0-	-0-	28,024	89,476
Total non-current liabilities	37,269	-0-	23,511	-0-	672	61,452	28,024	-0-	-0-	-0-	28,024	89,476
Total liabilities	1,415,859	2,911,032	3,493,102	-0-	37,440	7,857,433	850,168	10,232	-0-	20,404	880,804	8,738,237

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINING STATEMENT OF NET ASSETS-ENTERPRISE FUND, CONTINUED
JUNE 30, 2012

	Asset Management Properties	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum) Only
	\$8,020,061	\$ 9,659,479	\$ -0-	\$ -0-	\$110,760	\$17,790,300	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$17,790,300
	1,021,114	2,468,986	(259,805)	407,250	19,543	3,657,088	(445,672)	(10,232)	293,961	96,799	(65,144)	3,591,944
	\$9,041,175	\$12,128,465	\$ (259,805)	\$407,250	\$130,303	\$21,447,388	\$ (445,672)	\$ (10,232)	\$293,961	\$96,799	\$ (65,144)	\$21,382,244

ACCOUNT DESCRIPTION

Net Assets:
Invested in capital assets, net
of related debt
Unrestricted net assets
Total net assets

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Operating Revenues:												
Dwelling rental	\$ 586,814	\$ -0-	\$ -0-	\$ -0-	\$ 32,686	\$ 619,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 619,500
HUD operating grants	1,419,181	245,306	-0-	-0-	-0-	1,664,487	3,191,129	-0-	-0-	-0-	3,191,129	4,855,616
Administrative and other fees earned	-0-	-0-	295,024	-0-	-0-	295,024	385,689	-0-	-0-	-0-	385,689	680,713
Total operating revenues	2,005,995	245,306	295,024	-0-	32,686	2,579,011	3,576,818	-0-	-0-	-0-	3,576,818	6,155,829
Operating Expenses:												
Salaries and employee benefits	797,260	-0-	260,152	-0-	15,076	1,072,488	433,751	16,694	-0-	15,995	466,440	1,538,928
Material and other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Contractual services	267,377	-0-	25,577	-0-	1,898	294,802	18,119	2,324	-0-	2,324	22,767	317,569
Utilities	122,547	-0-	14,418	-0-	-0-	136,965	12,122	-0-	-0-	-0-	12,122	149,087
Depreciation	826,931	-0-	27,629	-0-	6,443	861,003	-0-	-0-	-0-	-0-	-0-	861,003
Insurance	105,430	-0-	11,228	-0-	13,172	129,830	1,084	-0-	-0-	-0-	1,084	130,914
Housing assistance payments	-0-	-0-	-0-	-0-	-0-	-0-	3,417,530	7,195	-0-	96,631	3,521,356	3,521,356
Office rent	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Maintenance/repairs	132,997	84,445	9,957	-0-	21,380	248,779	6,381	-0-	-0-	-0-	6,381	255,160
Convention and travel	4,066	-0-	271	-0-	18	4,355	1,031	25	-0-	245	1,301	5,656
Telephone	31,749	-0-	6,684	-0-	105	38,538	6,800	-0-	-0-	-0-	6,800	45,338
Bad debt expense	49,204	-0-	-0-	-0-	-0-	49,204	-0-	-0-	-0-	-0-	-0-	49,204
Payment in lieu of taxes	40,889	-0-	-0-	-0-	-0-	40,889	-0-	-0-	-0-	-0-	-0-	40,889
Portability fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	8,993	-0-	2,077	-0-	130	11,200	10,108	69	-0-	170	10,347	21,547
Postage	2,031	-0-	5,186	-0-	-0-	7,217	-0-	-0-	-0-	-0-	-0-	7,217
Publication	6,271	-0-	2,159	-0-	-0-	8,430	273	-0-	-0-	-0-	273	8,703
Tenant services	-0-	-0-	-0-	4	-0-	4	839	-0-	-0-	-0-	839	843
Membership dues and fees	5,632	-0-	2,474	-0-	-0-	8,106	792	-0-	-0-	-0-	792	8,898
Bank charges	502	-0-	8,507	-0-	-0-	9,009	-0-	-0-	-0-	-0-	-0-	9,009
General	55,667	-0-	50,714	-0-	7,307	113,688	27,975	3,556	-0-	9,488	41,019	154,707
Total operating expenses	2,457,546	84,445	436,983	4	65,529	3,034,507	3,936,805	29,863	-0-	124,853	9,091,521	7,126,028

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

	Asset Management Programs	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Operating (Loss)	\$(451,531)	\$ 160,861	\$(131,959)	\$ (4)	\$(32,843)	\$ (455,496)	\$(399,987)	\$(29,863)	\$ -0-	\$(124,853)	\$(514,703)	\$ (970,199)
Non-operating revenues:												
Interest income	1,101	-0-	361	-0-	17	1,479	355	10	-0-	40	405	1,884
Other income	120,155	-0-	18,509	-0-	(7,292)	131,372	1,331	-0-	-0-	-0-	1,331	132,703
Proceeds from insurance claims	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fraud recovery	-0-	-0-	-0-	-0-	-0-	-0-	42,207	-0-	-0-	-0-	42,207	42,207
Other income Legacy Heights reimbursement	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total non-operating revenues	121,256	-0-	18,870	-0-	(7,275)	132,851	43,893	10	-0-	40	43,943	176,794
Operating transfers in (out)	160,861	(160,861)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Capital contributions:												
HUD capital grants	-0-	1,346,605	-0-	-0-	-0-	1,346,605	-0-	-0-	-0-	-0-	-0-	1,346,605
Total capital contributions	-0-	1,346,605	-0-	-0-	-0-	1,346,605	-0-	-0-	-0-	-0-	-0-	1,346,605
Change in net assets	(169,434)	1,346,605	(113,089)	(4)	(40,118)	1,023,960	(316,094)	(29,853)	-0-	(124,813)	(470,760)	553,200
Net assets, beginning of year, as restated	9,210,609	10,781,860	(146,716)	407,254	170,421	20,423,428	(129,578)	19,621	293,961	221,612	405,616	20,829,044
Net assets (deficit), end of year	\$ 9,041,175	\$12,128,465	\$(259,805)	\$407,250	\$130,303	\$21,447,388	\$(445,672)	\$(10,232)	\$293,961	\$ 96,799	\$(65,144)	\$21,382,244

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUND--CAPITAL FUND PROGRAMS
JUNE 30, 2012

<u>ACCOUNT DESCRIPTION</u>	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Current Assets:				
Cash	\$ 3,121	\$ -0-	\$ -0-	\$ 3,121
Restricted cash	-0-	-0-	-0-	-0-
Accounts receivable - HUD	770,642	-0-	2,106,255	2,876,897
Tenant receivable, net of allowance	-0-	-0-	-0-	-0-
Accrued interest	-0-	-0-	-0-	-0-
Prepaid and other assets	-0-	-0-	-0-	-0-
Due from	-0-	-0-	-0-	-0-
Inventory - materials	-0-	-0-	-0-	-0-
Total current assets	<u>773,763</u>	<u>-0-</u>	<u>2,106,255</u>	<u>2,880,018</u>
Non-current assets:				
Investment	-0-	-0-	-0-	-0-
Capital assets, net	<u>4,580,941</u>	<u>1,137,040</u>	<u>6,441,498</u>	<u>12,159,479</u>
Total non-current assets	<u>4,580,941</u>	<u>1,137,040</u>	<u>6,441,498</u>	<u>12,159,479</u>
Total assets	<u>5,354,704</u>	<u>1,137,040</u>	<u>8,547,753</u>	<u>15,039,497</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUND--CAPITAL FUND PROGRAMS, CONTINUED
JUNE 30, 2012

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Liabilities:				
Current Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Accrued interest payable	-0-	-0-	-0-	-0-
Due to	380,018	-0-	-0-	380,018
Line of credit	-0-	-0-	2,500,000	2,500,000
Accrued interest	-0-	-0-	31,014	31,014
Accrued compensated absence	-0-	-0-	-0-	-0-
Accrued pilot	-0-	-0-	-0-	-0-
Deferred revenue	-0-	-0-	-0-	-0-
Tenant security deposit	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total current liabilities	<u>380,018</u>	<u>-0-</u>	<u>2,531,014</u>	<u>2,911,032</u>
Non-current liabilities:				
Accrued compensated absence - noncurrent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>380,018</u>	<u>-0-</u>	<u>2,531,014</u>	<u>2,911,032</u>
Net Assets:				
Invested in capital assets, net of related debt	4,580,941	1,137,040	3,941,498	9,659,479
Restricted net assets	-0-	-0-	-0-	-0-
Unrestricted net assets	<u>393,745</u>	<u>-0-</u>	<u>2,075,241</u>	<u>2,468,986</u>
Total net assets	<u>\$4,974,686</u>	<u>\$1,137,040</u>	<u>\$6,016,739</u>	<u>\$12,128,465</u>

See Independent Auditors' on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS - ENTERPRISE FUND
CAPITAL FUND PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Operating Revenues:				
Dwelling rental	\$ -0-	\$ -0-	\$ -0-	\$ -0-
HUD operating grants	245,306	-0-	-0-	245,306
Administrative and other fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating revenues	<u>245,306</u>	<u>-0-</u>	<u>-0-</u>	<u>245,306</u>
Operating Expenses:				
Salaries and employee benefits	-0-	-0-	-0-	-0-
Materials and other	-0-	-0-	-0-	-0-
Contractual services	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Depreciation	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-	-0-
Office rent	-0-	-0-	-0-	-0-
Maintenance/repairs	84,445	-0-	-0-	84,445
Convention and travel	-0-	-0-	-0-	-0-
Telephone	-0-	-0-	-0-	-0-
Bad debt expense	-0-	-0-	-0-	-0-
Payment in lieu of taxes	-0-	-0-	-0-	-0-
Portability fees	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-
Postage	-0-	-0-	-0-	-0-
Publication	-0-	-0-	-0-	-0-
Tenant services	-0-	-0-	-0-	-0-
Membership dues and fees	-0-	-0-	-0-	-0-
Bank charges	-0-	-0-	-0-	-0-
General	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating expenses	<u>84,445</u>	<u>-0-</u>	<u>-0-</u>	<u>84,445</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS - ENTERPRISE FUND
CAPITAL FUND PROGRAMS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Operating income	\$ <u>160,861</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>160,861</u>
Non-operating revenues:				
Interest income	-0-	-0-	-0-	-0-
Other income	-0-	-0-	-0-	-0-
Proceeds from insurance claim	-0-	-0-	-0-	-0-
Fraud recovery	-0-	-0-	-0-	-0-
Other income Legacy Heights reimbursement	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total non-operating revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating transfers in (out)	<u>(160,861)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital Contributions:				
HUD capital grants	<u>416,005</u>	<u>-0-</u>	<u>930,600</u>	<u>1,346,605</u>
Total capital contributions	<u>416,005</u>	<u>-0-</u>	<u>930,600</u>	<u>1,346,605</u>
Change in net assets	416,005	-0-	930,600	1,346,605
Net assets, beginning of year, as restated	<u>4,558,681</u>	<u>1,137,040</u>	<u>5,086,139</u>	<u>10,781,860</u>
Net assets (deficit), end of year	<u>\$4,974,686</u>	<u>\$1,137,040</u>	<u>\$6,016,739</u>	<u>\$12,128,465</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Combined</u>	<u>Eliminations</u>	Total (Memorandum Only)
Operating Revenue:			
Dwelling rental	\$ 619,500	\$ -0-	\$ 619,500
HUD operating grants	4,855,616	-0-	4,855,616
Administrative and other fees earned	<u>680,713</u>	<u>(220,428)</u>	<u>460,285</u>
Total operating revenues	<u>6,155,829</u>	<u>(220,428)</u>	<u>5,935,401</u>
Operating Expenses:			
Salaries and employee benefits	1,538,928	-0-	1,538,928
Material and other	-0-	-0-	-0-
Contractual Services	317,569	(220,428)	97,141
Utilities	149,087	-0-	149,087
Depreciation	861,003	-0-	861,003
Insurance	130,914	-0-	130,914
Housing assistance payments	3,521,356	-0-	3,521,356
Office rent	-0-	-0-	-0-
Maintenance/repairs	255,160	-0-	255,160
Convention and travel	5,656	-0-	5,656
Telephone	45,338	-0-	45,338
Bad debt expense	49,204	-0-	49,204
Payment in lieu of taxes	40,889	-0-	40,889
Portability fees	-0-	-0-	-0-
Supplies	21,547	-0-	21,547
Postage	7,217	-0-	7,217
Publication	8,703	-0-	8,703
Tenant services	843	-0-	843
Membership dues and fees	8,898	-0-	8,898
Bank charges	9,009	-0-	9,009
General	<u>154,707</u>	<u>-0-</u>	<u>154,707</u>
Total assets	<u>7,126,028</u>	<u>(220,428)</u>	<u>6,905,600</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
Operating (Loss)	\$(970,199)	\$ -0-	\$(970,199)
Non-operating revenues :			
Interest income	1,884	-0-	1,884
Other income	132,703	-0-	132,703
Proceeds from insurance claims	-0-	-0-	-0-
Fraud recovery	42,207	-0-	42,207
Other income Legacy Heights reimbursement	-0-	-0-	-0-
Total non-operating revenues	<u>176,794</u>	<u>-0-</u>	<u>176,794</u>
Operating transfers in (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital contributions:			
HUD capital grants	<u>1,346,605</u>	<u>-0-</u>	<u>1,346,605</u>
Total capital contributions	<u>1,346,605</u>	<u>-0-</u>	<u>1,346,605</u>
Change in net assets	553,200	-0-	553,200
Net assets, beginning or year, as restated	<u>20,829,044</u>	<u>-0-</u>	<u>20,829,044</u>
Net assets (deficit), end of year	<u>\$21,382,244</u>	<u>\$ -0-</u>	<u>\$21,382,244</u>

See Independent Auditors' on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 1,419,181
Capital Fund Program	14.872	661,311
Capital Fund Competitive Stimulus Grant	14.884	930,600
Housing Choice Voucher Program	14.871	<u>3,576,818</u>
Total		<u>\$ 6,587,910</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HACA and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET
JUNE 30, 2012

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
111	Cash-Unrestricted	\$ 414,802	\$448,449	\$ 863,251
115	Cash restricted	<u>63,063</u>	<u>-0-</u>	<u>63,063</u>
100	Total cash	<u>477,865</u>	<u>448,449</u>	<u>926,314</u>
122	Accounts receivable - HUD	2,876,897	-0-	2,876,897
126	Tenant receivable, net of allowance	28,935	-0-	28,935
131	Investment	23,335	-0-	23,335
142	Prepaid and other assets	119,554	1,772	121,326
143	Inventory - materials	19,025	-0-	19,025
144	Due from	<u>5,468,910</u>	<u>365,439</u>	<u>5,834,349</u>
150	Total current assets	<u>9,014,521</u>	<u>815,660</u>	<u>9,830,181</u>
161	Land	2,129,199	-0-	2,129,199
162	Building	38,783,641	-0-	38,783,641
163	Furniture, equipment and machinery- dwelling	400,928	-0-	400,928
164	Furniture, equipment and machinery- administration	88,038	-0-	88,038
166	Accumulated depreciation	(22,762,873)	-0-	(22,762,873)
167	Construction in process	<u>1,651,367</u>	<u>-0-</u>	<u>1,651,367</u>
160	Total capital assets, net of accumulated depreciation	<u>20,290,300</u>	<u>-0-</u>	<u>20,290,300</u>
180	Total non-current assets	<u>20,290,300</u>	<u>-0-</u>	<u>20,290,300</u>
190	Total assets	<u>\$ 29,304,821</u>	<u>\$815,660</u>	<u>\$ 30,120,481</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
Page 2 of 2

**HOUSING AUTHORITY OF THE CITY ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET, CONTINUED
JUNE 30, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
312	Accounts payable	\$ 55,448	\$ (254)	\$ 55,194
321	Accrued salaries and taxes	-0-	-0-	-0-
322	Accrued compensated absence	26,336	11,971	38,307
325	Accrued interest payable	31,014	-0-	31,014
341	Tenant security deposit	63,063	-0-	63,063
342	Deferred revenue	26,955	-0-	26,955
346	Accrued liabilities - other	38,112	-0-	38,112
347	Due to	5,055,053	841,063	5,896,116
348	Line of credit	<u>2,500,000</u>	<u>-0-</u>	<u>2,500,000</u>
310	Total current liabilities	<u>7,795,981</u>	<u>852,780</u>	<u>8,648,761</u>
354	Accrued compensated absence non-current	<u>61,452</u>	<u>28,024</u>	<u>89,476</u>
350	Total non-current liabilities	<u>61,452</u>	<u>28,024</u>	<u>89,476</u>
300	Total liabilities	<u>7,857,433</u>	<u>880,804</u>	<u>8,738,237</u>
508.1	Investment in capital assets, net of related debt	17,790,300	-0-	17,790,300
512.1	Unrestricted net assets	<u>3,657,088</u>	<u>(65,144)</u>	<u>3,591,944</u>
513	Total equity/net assets	<u>21,447,388</u>	<u>(65,144)</u>	<u>21,382,244</u>
	Total liabilities equity/net assets	<u>\$29,304,821</u>	<u>\$815,660</u>	<u>\$30,120,481</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
70300	Net tenant rental revenue	\$ 619,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 619,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 619,500
70500	Total tenant revenue	619,500	-0-	-0-	-0-	-0-	619,500	-0-	-0-	-0-	-0-	-0-	619,500
70600	HUD PHA operating grants	1,419,181	245,306	-0-	-0-	-0-	1,664,487	3,191,122	-0-	-0-	-0-	3,191,122	4,855,616
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	-0-	-0-	-0-	385,689	-0-	-0-	-0-	385,689	385,689
70610	Capital grants	-0-	416,005	-0-	930,600	-0-	1,346,605	-0-	-0-	-0-	-0-	-0-	1,346,605
70710	Management fees	225,794	-0-	-0-	-0-	-0-	225,794	-0-	-0-	-0-	-0-	-0-	225,794
70720	Assets management fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
70750	Other fees	69,230	-0-	-0-	-0-	-0-	69,230	-0-	-0-	-0-	-0-	-0-	69,230
70700	Total fee revenue	295,024	416,005	-0-	930,600	-0-	1,641,629	385,689	-0-	-0-	-0-	385,689	2,027,318
71100	Investment income - unrestricted	1,479	-0-	-0-	-0-	-0-	1,479	355	10	-0-	40	405	1,884
71400	Fraud recovery	-0-	-0-	-0-	-0-	-0-	-0-	42,207	-0-	-0-	-0-	42,207	42,207
71500	Other revenue	131,372	-0-	-0-	-0-	-0-	131,372	1,331	-0-	-0-	-0-	1,331	132,703
7000	Total revenue	2,466,556	661,311	-0-	930,600	-0-	4,058,467	3,620,711	10	-0-	40	3,620,761	7,679,228

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
91100	Administrative salaries	\$ 472,670	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 472,670	\$361,055	\$13,908	\$ -0-	\$ 13,325	\$388,288	\$ 860,958
91200	Auditing fees	19,825	-0-	-0-	-0-	-0-	19,825	6,100	-0-	-0-	-0-	6,100	25,925
91300	Management fees	151,198	-0-	-0-	-0-	-0-	151,198	-0-	-0-	-0-	-0-	-0-	151,198
91500	Employee benefit contributions-administrative	95,240	-0-	-0-	-0-	-0-	95,240	72,696	2,786	-0-	2,670	78,152	173,392
91600	Office expense	56,721	-0-	-0-	-0-	-0-	56,721	16,908	69	-0-	170	17,147	73,868
91700	Legal	31,647	-0-	-0-	-0-	-0-	31,647	5,491	689	-0-	689	6,869	38,516
91800	Travel	4,355	-0-	-0-	-0-	-0-	4,355	1,031	25	-0-	245	1,301	5,656
91900	Other	92,132	-0-	-0-	-0-	-0-	92,132	6,528	1,635	-0-	1,635	9,798	101,930
91000	Total operating administrative	923,788	-0-	-0-	-0-	-0-	923,788	469,809	19,112	-0-	18,734	507,655	1,431,443
92400	Tenant services other	-0-	-0-	-0-	-0-	4	4	839	-0-	-0-	-0-	839	843
	Total tenant services	-0-	-0-	-0-	-0-	4	4	839	-0-	-0-	-0-	839	843
93100	Water	102,156	-0-	-0-	-0-	-0-	102,156	-0-	-0-	-0-	-0-	-0-	102,156
93200	Electric	33,047	-0-	-0-	-0-	-0-	33,047	12,122	-0-	-0-	-0-	12,122	45,169
93300	Gas	1,762	-0-	-0-	-0-	-0-	1,762	-0-	-0-	-0-	-0-	-0-	1,762
93000	Total utilities	136,965	-0-	-0-	-0-	-0-	136,965	12,122	-0-	-0-	-0-	12,122	149,087

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012**

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
94100	Ordinary maintenance and operations-labor/sales	\$ 420,357	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 420,357	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 420,357
94200	Ordinary maintenance and operations-materials and other	61,818	-0-	-0-	-0-	-0-	61,818	3,624	-0-	-0-	-0-	3,624	65,442
94300-120	Ordinary maintenance and operations miscellaneous contracts	70,987	84,445	-0-	-0-	-0-	155,432	2,757	-0-	-0-	-0-	2,757	158,189
94500	Ordinary maintenance and operations employee benefits	84,221	-0-	-0-	-0-	-0-	84,221	-0-	-0-	-0-	-0-	-0-	84,221
94000	Total maintenance and operations	637,383	84,445	-0-	-0-	-0-	721,828	6,381	-0-	-0-	-0-	6,381	728,209

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
95100	Protective services - other contract costs	\$ 7,325	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,325	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,325
95300	Protective services-material	24,204	-0-	-0-	-0-	-0-	24,204	-0-	-0-	-0-	-0-	-0-	24,204
95000	Total protective services	31,529	-0-	-0-	-0-	-0-	31,529	-0-	-0-	-0-	-0-	-0-	31,529
96110	Property insurance	80,001	-0-	-0-	-0-	-0-	80,001	-0-	-0-	-0-	-0-	-0-	80,001
96120	Liability insurance	34,557	-0-	-0-	-0-	-0-	34,557	500	-0-	-0-	-0-	500	35,057
96140	All other insurance	15,272	-0-	-0-	-0-	-0-	15,272	584	-0-	-0-	-0-	584	15,856
96100	Total insurance premiums	129,830	-0-	-0-	-0-	-0-	129,830	1,084	-0-	-0-	-0-	1,084	130,914
96200	Other general expenses	139,467	-0-	-0-	-0-	-0-	139,467	29,040	3,556	-0-	9,488	42,084	181,551
96300	Payment in lieu of taxes	40,889	-0-	-0-	-0-	-0-	40,889	-0-	-0-	-0-	-0-	-0-	40,889
96400	Bad debt - tenant rents	49,204	-0-	-0-	-0-	-0-	49,204	-0-	-0-	-0-	-0-	-0-	49,204
96000	Total other general expenses	229,560	-0-	-0-	-0-	-0-	229,560	29,040	3,556	-0-	9,488	42,084	271,644
96900	Total operating expenses	2,089,055	84,445	-0-	-0-	4	2,173,504	519,275	22,668	-0-	28,222	570,165	2,743,669
97000	Excess (deficiency) of revenue over operating expenses	377,501	1,576,866	-0-	930,600	(4)	1,884,963	3,101,436	(22,658)	-0-	(28,182)	3,050,596	4,935,559

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
97300	Housing assistance payments	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$3,417,530	\$ 7,195	\$ -0-	\$ 96,631	\$3,521,356	\$ 3,521,356
97400	Depreciation expenses	861,003	-0-	-0-	-0-	-0-	861,003	-0-	-0-	-0-	-0-	-0-	861,003
90000	Total expenses	2,950,058	84,445	-0-	-0-	4	3,034,507	3,936,805	29,863	-0-	124,853	4,091,521	7,126,028
10010	Operating transfer in	160,861	-0-	-0-	-0-	-0-	160,861	-0-	-0-	-0-	-0-	-0-	160,861
10020	Operating transfer out	-0-	(160,861)	-0-	-0-	-0-	(160,861)	-0-	-0-	-0-	-0-	-0-	(160,861)
	Total other financing sources (uses)	160,861	(160,861)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
97000	Excess (deficiency) of revenue over under expense	\$ (322,641)	\$ 416,005	\$ -0-	\$ 930,600	\$ (4)	\$ 1,023,960	\$ (316,094)	\$ (29,863)	\$ -0-	\$ (124,813)	\$ (470,760)	\$ 553,200
11030	Beginning equity/net assets	\$9,680,268	\$3,809,304	\$1,137,040	\$ 5,230,392	\$407,254	\$20,264,258	\$ (111,939)	\$19,752	\$293,961	\$222,235	\$424,009	\$20,688,267
11040	Prior period adjustments, equity transfers and correction of errors	(445,954)	749,377	-0-	(144,253)	-0-	159,170	(17,639)	(131)	-0-	(623)	(18,392)	140,777
	Beginning equity/net assets, as adjusted	\$9,234,314	\$4,558,681	\$1,137,040	\$5,086,139	\$407,254	\$20,423,428	\$ (129,578)	\$ 19,621	\$293,961	\$221,612	\$405,616	\$20,829,044

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
11170	Administrative fee equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11180	Housing assistance payment equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11190	Unit months available	6,984	-0-	-0-	-0-	-0-	6,984	12,948	-0-	-0-	-0-	12,948	19,932
11210	Number of unit months leased	3,951	-0-	-0-	-0-	-0-	3,951	8,616	-0-	-0-	-0-	8,616	12,567
11270	Excess cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	N/A	N/A	N/A	N/A	N/A	N/A
11620	Building purchases	\$494,306	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$494,306	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment - dwelling	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11640	Furniture and equipment - administrative	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
7033	Net tenant rental revenue	\$ 619,500	\$ -0-	\$ 619,500
70500	Total tenant revenue	619,500	-0-	619,500
70600	HUD PHA operating grants	4,855,616	-0-	4,855,616
70600-020	Ongoing administrative fees earned	385,689	-0-	385,689
70610	Capital grants	1,346,605	-0-	1,346,605
70710	Management fees	225,794	(151,198)	74,596
70720	Assets management fees	-0-	-0-	-0-
70750	Other fees	69,230	(69,230)	-0-
70700	Total fee revenue	2,027,318	(220,428)	1,806,890
71100	Investment income-unrestricted	1,884	-0-	1,884
71400	Fraud recovery	42,207	-0-	42,207
71500	Other revenue	132,703	-0-	132,703
7000	Total revenue	7,679,228	(220,428)	7,458,800

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
91100	Administrative salaries	\$ 860,958	\$ -0-	\$ 860,958
91200	Auditing fees	25,925	-0-	25,925
91300	Management fees	151,198	(151,198)	-0-
91500	Employee benefit contributions- administrative	173,392	-0-	173,392
91600	Office expense	-0-	-0-	-0-
91700	Legal	38,516	-0-	38,516
91800	Travel	5,656	-0-	5,656
91900	Other	<u>101,930</u>	<u>(69,230)</u>	<u>32,700</u>
91000	Total operating administrative	<u>1,357,575</u>	<u>(220,428)</u>	<u>1,137,147</u>
92000	Assets management	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
92400	Tenant services other	<u>843</u>	<u>-0-</u>	<u>843</u>
	Total tenant services	<u>843</u>	<u>-0-</u>	<u>843</u>
93100	Water	102,156	-0-	102,156
93200	Electric	45,169	-0-	45,169
93300	Gas	<u>1,762</u>	<u>-0-</u>	<u>1,762</u>
	Total utilities	<u>149,087</u>	<u>-0-</u>	<u>149,087</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
94100	Operating maintenance and operations-labor/sales	\$ 420,357	\$ -0-	\$ 420,357
94200	Ordinary maintenance and operations-materials and other	65,442	-0-	65,442
94300-120	Ordinary maintenance and operations miscellaneous contracts	158,189	-0-	158,189
94500	Ordinary maintenance and operations employee benefits	<u>84,221</u>	<u>-0-</u>	<u>84,221</u>
9400	Total maintenance and operations	<u>728,209</u>	<u>-0-</u>	<u>728,209</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
95100	Protective services-other contract costs	\$ 7,325	\$ -0-	\$ 7,325
95300	Protective services-material	<u>24,204</u>	<u>-0-</u>	<u>24,204</u>
95000	Total protective service	<u>31,529</u>	<u>-0-</u>	<u>31,529</u>
96110	Property insurance	80,001	-0-	80,001
96120	Liability insurance	35,057	-0-	35,057
96130	Worker's compensation	-0-	-0-	-0-
96140	All other insurance	<u>15,856</u>	<u>-0-</u>	<u>15,856</u>
96100	Total insurance premiums	<u>130,914</u>	<u>-0-</u>	<u>130,914</u>
96200	Other general expense	255,419	-0-	255,419
96300	Payment in lieu of taxes	40,889	-0-	40,889
96400	Bad debt-tenant rents	<u>49,204</u>	<u>-0-</u>	<u>49,204</u>
9600	Total other general expenses	<u>345,512</u>	<u>-0-</u>	<u>345,512</u>
96900	Total operating expenses	<u>2,743,669</u>	<u>(220,428)</u>	<u>2,523,241</u>
97000	Excess (deficiency) of revenue over operating expenses	<u>4,935,559</u>	<u>-0-</u>	<u>4,935,559</u>
97100	Extraordinary maintenance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
97300	Housing assistance payments	\$ <u>3,521,356</u>	\$ <u>-0-</u>	\$ <u>3,521,356</u>
97400	Depreciation expenses	<u>861,003</u>	<u>-0-</u>	<u>861,003</u>
90000	Total expenses	<u>7,126,028</u>	<u>(220,428)</u>	<u>6,905,600</u>
10010	Operating transfer in	160,861	-0-	160,861
10020	Operating transfer out	<u>(160,861)</u>	<u>-0-</u>	<u>(160,861)</u>
	Total others financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
97000	Excess (deficiency) of revenue over operating expenses	\$ <u>553,200</u>	\$ <u>-0-</u>	\$ <u>553,200</u>
11030	Beginning equity/net assets	\$20,688,267	\$ <u>-0-</u>	\$20,688,267
11040	Prior period adjustments, equity transfers and correction of errors	<u>140,777</u>	<u>-0-</u>	<u>140,777</u>
	Beginning equity/net assets, as adjusted	<u>\$20,829,044</u>	\$ <u>-0-</u>	<u>\$20,829,044</u>

See Independent Auditor's Report on Supplementary Information.



Member
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(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the financial statements of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2012, and have issued our report thereon dated February 8, 2013. Except for **HACA's** inability on February 8, 2013, to resolve issues related to capital assets, net assets, interfund out of balance condition, and our inability to obtain a discussion or evaluation from **HACA's** legal counsel regarding any pending and/or threatened litigation, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of **HACA's** is responsible for establishing and maintaining an internal control and financial reporting. In planning and performing our audit, we considered **HACA's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **HACA's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the subsequent paragraph, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As previously discussed, we have described in the accompanying Summary Schedule of Findings and Questioned Costs items 2012-03, 2012-04, and 2012-07 through 2012-12 as deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of **HACA's** financial statements will not be prevented, or detected and corrected on a timely basis.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Further, as previously discussed, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined. We considered the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-01, 2012-02, 2012-05, 2012-06, 2012-13 and 2012-15 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of **HACA** in a separate letter dated February 8, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **HACA**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2012-14.

HACA's responses to the findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit **HACA**'s responses and, accordingly, we express no opinion on them.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the information and use of **HACA's** Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

February 8, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Compliance

We have audited the compliance of **Housing Authority of the City of Alexandria (HACA)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **HACA's** major federal programs for the year ended June 30, 2012. **HACA's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **HACA's** management. Our responsibility is to express an opinion on **HACA's** compliance based on our audit.

Except for **HACA's** inability on February 8, 2013, to resolve issues related to capital assets, net assets, interfund out of balance condition, coupled with our inability to obtain from **HACA's** legal counsel a discussion or evaluation of any pending and/or threatened litigation we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments,*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **HACA's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **HACA's** compliance with those requirements.

Because of the nature of certain records as further described in our findings reference numbers 2012-15 and 2012-20 for certain capital transactions executed during 2011, and forming the cumulative beginning balance for 2012, we were unable to obtain sufficient documentation to support **HACA's** compliance with the requirements of reporting and allowable costs.

Compliance with such requirements is necessary in our opinion, for **HACA** to comply with the requirements applicable to its programs.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine evidence regarding **HACA's** compliance with reporting, and allowable costs, **HACA** complied in all material respects, with the compliance requirements previously referred to that could have a direct and material effect on its major federal programs for the year ended February 8, 2013. Also, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-16 through 2012-18, 2012-22, and 2012-29.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance

Management of **HACA** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **HACA's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control over compliance.

Our consideration of internal control over compliance was for a limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in **HACA's** internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in **HACA's** internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

Also, as previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-21, 2012-23, 2012-26 through 2012-28 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by **HACA** on a timely basis. As previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-19, 2012-20, 2012-24 and 2012-25 to be material weaknesses, as defined above.

HACA's responses to the findings in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit **HACA's** responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of **HACA's** Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

February 8, 2013

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.872	Capital Fund Program
14.884	Capital Fund Competitive Stimulus Grant

Dollar threshold used to distinguish
between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? **No**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2012-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Management of **HACA** developed and the Board approved policies in June 2012 aimed at addressing its internal control design and operation. However, for the period under audit, we noted the following significant conditions in the design and operation of **HACA's** internal control:

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the significant components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-01

Context

Total amount of federal awards expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA has not implemented formal policies and procedures to ensure the safeguarding of assets. Further, there are no implemented design and documentation of internal controls.

Recommendation

Management should implement all accounting policies and procedures.

Further, HACA should continue its risk assessment of its operation aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the complete implementation of an effective and efficient design and operation of its internal controls.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-01

Management's Response and Planned Corrective Action

- o **HACA** has implemented on-going training for the current staff in the weak areas so that they can fulfill their assigned functions adequately.
- o Re-wrote and revised policies and procedures approved by Board of Commissioners in June 2012.
- o Implemented a reconciliation schedule for all significant accounts to be reconciled on a monthly basis with the necessary back up documentation.

HACA continues to assess and revise accounting policies and procedures in an effort to optimize the internal control system to produce an efficient and effective design as training of **HACA** personnel and acquisition of new resources continue.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

For the year ended June 30, 2012, no monthly financial statements and budget to actual reports were prepared and submitted to the Board for review. Further, our review of the detail general ledger generated by **HACA's** fee accountant for the year ended June 30, 2012, revealed the following significant conditions:

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Management was unable to provide us with adequate and complete detail supporting documentation for the following selected general ledger accounts: HUD grants receivable of \$2,876,897, capital assets specifically categorized as construction in progress of \$12,348,952, and deferred revenue of \$22,112.

- o General ledger account balances such as vendor transactions at June 30, 2012, were lumped into one general ledger account without adequate account detail to facilitate our testing.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-02

Condition, Continued

- o Also noted unreconciled differences in the beginning (July 1, 2011) and ending (June 30, 2012) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification for the Housing Choice Programs. On February 8, 2013, our request for an analysis of net assets remains outstanding.
- o The general ledger at June 30, 2012, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.
- o Noted that depreciation expense previously recorded for assets placed in service prior to June 30, 2012 was reversed in the current year by the fee accountant. Further, the fee accountant reversed the amount recorded in construction in process at June 30, 2011.
- o Interest and other income accounts in the June 30, 2012 general ledger reflected balances contrary to their normal account balances.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended June 30, 2012 was \$6,587,910.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-02

Effect or Potential Effect

The effect or potential effect include:

- o Potential misstatement in recorded financial transactions.
- o Noncompliance with the requirements of HUD regulations and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of in-house capacity, external resources and systems in place to facilitate the timely analysis and review to ensure the completeness of all executed financial transactions.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

HACA staff are currently working with the Fee Accountant and the software provider to ensure that HACA will be in a position to run system generated reports monthly. The accounting system database is currently being rebuilt to provide a system designed around FDS reporting. This reconfigured system will add the capability of producing a board range of financial reports that HACA management and its Board of Directors can use contemporaneously. A driving objective of this initiative is the ability to produce the financial and management reports internally, minimizing reliance on external systems.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-03

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA**.

Condition

The results of our testing of cash disbursement transactions for the month of December 2011 (month judgmentally selected for testing), revealed the following conditions:

- o Eleven (11) of the twenty-four (24) transactions tested were not canceled to avoid the potential for duplicate use.
- o We were unable in six (6) of twenty-four (24) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o No written documentation noted in four (4) of twenty-four (24) cash disbursement transactions, as to the type and basis for procurement of goods and services.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-03

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Deficiencies in HACA's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-03

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Management's Response and Planned Corrective Action

In addition to the policies and procedures developed and implemented beginning in June 2012, HACA will begin an internal audit of these procedures to minimize the risk of non-compliance and mitigate the risk of asset misappropriation. This internal audit will attempt to reveal non-compliance with the accounting policies and procedures and hold personnel accountable to proper implementation of these procedures.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-04

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

Our testing of five (5) employee files for payroll transactions executed during the month of December 2011 (month judgementally selected for testing), revealed the following conditions:

- o Lack of a written payroll procedure to include an updated personnel Handbook through May 2012.
- o Unapproved leave request forms and incomplete clock in/out procedures for five (5) of five (5) employees tested.
- o Leave information was not adequately tracked to ensure completeness. Based on testwork performed, we were unable to agree leave approved and used to the paychecks executed for December 2, 16 and 29, 2011.
- o Incomplete and missing certification for W-4, L-4 and Section 2 of one (1) I-9 form.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-04

Condition, Continued

- o Payroll is paid through the payroll payment date which requires estimating the last payroll day. Additionally, payroll is processed based on an estimated eighty (80) hours without the benefit of approved time sheets and leave used through the pay date. Any applicable adjustments for hours worked and/or leave used are reported on the subsequent payroll date.
- o In all five (5) files reviewed, we noted missing authorization on file to support other deductions other than taxes.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Potential for overpayment in employee compensation.

Cause

Lack of an effective personnel administration process in place to include the current established practice of accounting for payroll and leave.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-04

Recommendation

Management should review and implement changes to **HACA's** personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all personnel cost, and to provide for the maintenance of all required documents (such as W-4, L-4, I-9, etc.) to include the necessary supervisory approvals.

Management's Response and Planned Corrective Action

Revisions to the accounting policies and procedures were implemented in June of 2012. Some of these procedures, detailed below are designed to document processes and to improve the completeness and accuracy of payroll reporting. **HACA** will begin an internal audit of these procedures to minimize the risk of non-compliance.

- o Re-wrote and revised policies and procedures approved by Board of Commissioners in June 2012.
- o As of July 2012, **HACA** changed the pay period ending dates allowing employees to be paid through only days they have completed a work day. This also allows the annual leave on each employee to be current.
- o **HACA** will create a hiring checklist to ensure that all necessary hiring forms (W-4, L-4 and I-9) are filled out upon being hired.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-05

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA** and the preparation of its financial statements.

Condition

We noted an inadequate design of internal control over significant general ledger accounts and processes to include system generated financial statements reporting. For the fiscal year ended June 30, 2012, we noted no evidence that monthly financial statements were generated and presented to the Board of Commissioners for review and discussion.

Questioned Costs

None.

Context

Total federal award expended was \$6,587,910 for the year ended June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-05

Effect or Potential Effect

Control deficiencies in **HACA's** internal control system may impact the Board of Commissioners' ability to review meaningful information on a timely basis and or statistics useful in making decisions.

Cause

It is our understanding that the TENMAST accounting system as currently mapped, does not allow for the generation of financial statements.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be generated and presented to the Board of Commissioners for decision making.

Management's Response and Planned Corrective Action

HACA has undertaken a software conversion process whereby the system will be configured to utilize the modern HUD chart of accounts and generate "FDS" financial statements for proper management of **HACA** assets and operations. While this conversion and implementation is underway, **HACA** has developed an external reporting mechanism capable of producing complete "FDS" financial statements suitable for management purposes and board presentation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-06

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy of financial reporting of **HACA**.

Condition

During the course of the audit, we continue to note that the financial statements as prepared by **HACA** required significant adjustments to fairly state account balances.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-06

Effect or Potential Effect

Deficiencies in **HACA**'s internal control system which provides for an environment that is conducive to the misstatement of financial statements.

Cause

Size and resources assigned to the accounting function.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate, the potential risk associated with the described condition. The review should include **HACA**'s resource capacity and current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

The implementation of the new **HACA** accounting policies and procedures, assessment and continuing education of **HACA**'s personnel, the improved accounting database design, and the engagement of an external accountant are all designed to provide an accounting system that will produce timely, accurate, and complete general ledger balances and financial reports. **HACA** will continue to monitor and revise these strategies until the expected results are achieved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-07

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete reports for both internal and external users.

Condition

The "VMS" report of restricted net assets at December 31, 2011 (month judgementally selected for testing) did not agree to the amount reported on the general ledger for December 31, 2011.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 for the Housing Choice Voucher Program was \$3,576,818.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-07

Effect or Potential Effect

Completeness of reports submitted to regulatory bodies.

Cause

Lack of an established procedure to ensure the complete review of all reports prior to submission.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies.

Management's Response and Planned Corrective Action

Monthly reconciliations are completed to ensure that the general ledger matches the monthly HCV HAP register.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-08

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy. Further, Annual Contribution Contracts require the proper accounting for program activity.

Condition

The current accounting records do not reflect the restricted net assets for administrative fee and Housing Assistance Payments.

As such, **HACA** is unable to accurately roll-forward equity balances.

Further, the referenced condition may impact the correctness of funding from HUD.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-08

Context

Total federal award for the Housing Choice Voucher Program was \$3,576,818 or (54.3)% of the total federal award for the year ended June 30, 2012.

Effect or Potential Effect

Potential misstatement in recorded information to include its impact on the correctness of funding from HUD.

Cause

Lack of an established procedure in place to ensure the accounting for all equity transactions.

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net assets.

Management's Response and Planned Corrective Action

HACA has been working with HUD to agree on a restricted net assets equity balance. HACA will review the records again and make the necessary adjustments so that all items can be properly stated for the future.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-09

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting of all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

During the course of the audit and review of the general ledger, depreciation expense for the year ended June 30, 2012 was misclassified as casualty losses.

Questioned Costs

None

Context

Depreciation expense for the year ended June 30, 2012 was \$861,003.

Effect or Potential Effect

There exist the potential for misclassification of expenses in the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-09

Cause

There appears to be a lack of in-house technical capacity and implemented systems to facilitate the preparation and timely analysis and review of financial statements to ensure completeness and accuracy.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are recorded in the general ledger in a timely and accurate manner.

Management's Response and Planned Corrective Action

The accounting system prevented recording depreciation to the proper depreciation expense accounts so a place-holder account was intentionally used. However, depreciation expense was properly reported on the FDS submittal to HUD. The new accounting computer system described in 2012 will resolve this deficiency.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-10

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting of all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

During the course of our audit, we determined that certain cost and other amounts are allocated among the various projects and programs administered by the HACA. We noted however that the method of allocation has not been applied consistently between years.

Questioned Costs

None

Context

Total assets at June 30, 2012 were \$24,826,132 and expenses for the year ended June 30, 2012 was \$6,905,600.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-10

Effect or Potential Effect

There exist the potential for inconsistent and inaccurate allocation of expenses and other amounts.

Cause

There appears to be a lack of in-house technical capacity and implemented systems to facilitate the preparation and timely analysis and review of financial statements to ensure the completeness and consistency of financial statement presentation.

Recommendation

We recommend that management implement policies and procedures to ensure that all allocable cost and other amounts are consistently allocated among the projects and programs benefitted.

Management's Response and Planned Corrective Action

The reconfigured accounting system will allow for allocation schemes which can be automated to expenditure types or vendors and will provide consistency and accuracy to the distribution of revenues and expenditures.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-11

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting of all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

At June 30, 2012 inter-fund account balances were out-of-balance by \$61,767.

Questioned Costs

None

Context

Inter-fund receivables were \$5,834,349 while inter-fund payables were \$5,896,116.

Effect or Potential Effect

There exist the potential for overstatement or understatement of inter-fund balances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-11

Cause

There appears to be a lack of in-house technical capacity and implemented systems to facilitate the preparation and timely analysis and review of financial statements to ensure completeness and accuracy of financial statements.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are recorded in the general ledger in a timely and accurate manner.

Management's Response and Planned Corrective Action

HACA's staff and the fee accountant are working to reconcile these accounts. These accounts have been historically out of balance. Once the reconciliation is completed, the new properly configured accounting database will keep these accounts in balance. In addition, accounting personnel will monitor these accounts to ensure and validate the system integrity.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-12

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting of all financial transactions and economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board Policy.

Condition

- During the course of our, audit we noted that beginning net assets as reflected on **HACA's** trial balance did not agree to the ending net assets as reflected in the June 30, 2011 audit report. Furthermore, management was unable to provide explanations and documentation explaining these differences; and
- Also, we noted that **HACA's** general ledger does not reflect any amounts included in cash and net assets that are restricted for future housing assistance payments.

Questioned Costs

None

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-12

Context

Unidentified transactions to net assets amounted to \$79,367 and no amounts were restricted or reserved for future HAPs.

Effect or Potential Effect

There exist the potential for improper adjustments to net assets and failure to comply with HUD requirements related to classification of restricted cash and net assets reserved for future HAPs.

Cause

There appears to be a lack of in-house capacity and implemented systems to facilitate the preparation and timely analysis and review of financial statements to ensure completeness and accuracy of financial statements.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are properly recorded in the general ledger.

Management's Response and Planned Corrective Action.

Inadequate data existed at the end of the year 2012, for both the beginning and ending balances, to support adjustments to many significant accounts and sub-schedules or to reconcile to prior year balances. HACA has assembled a team of employees and consultants to address these accounting systems failures.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-13

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting and all financial transactions or economic events to ensure the complete and accuracy of its financial statements as required by HUD and Board policy. Additionally, management must possess the skill set to assume responsibility of the financial statements.

Condition

We noted that **HACA** employs the services of an external accountant to prepare its monthly trial balances, general ledger and resulting financial statements. However, management has not fully demonstrated the capacity and technical ability to assume responsibility for the fair presentation of its financial statements.

Questioned Costs

None

Context

Total federal awards expended for the year ended June 30, 2012 were \$6,587,910.

Effect of Potential Effect

There exist the potential for misstatement of financial statements that will not be prevented or detected by management or employees in the normal course of performing their assigned functions.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-13

Cause

There appears to be a lack of in-house technical capacity and implemented systems to facilitate the preparation and timely analysis and review of financial statements to ensure completeness and accuracy of financial statements.

Recommendation

We recommend that management implement policies and procedures and to develop the skill set necessary to allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, and correct misstatements on a timely basis.

Management's Response and Planned Corrective Action

With the historical problems with the **HACA** accounting system and the massive corrective work needed during the scope of this audit, the tasks cited were beyond the capabilities of the **HACA** staff. As the accounting system is reconfigured and **HACA** staff receives additional training, **HACA** staff will be better enabled to present in-house financial statements, subject to review by the fee accountant.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-14

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Louisiana Revised Statute 24:513 requires the submission of audited financial statement within six (6) month of year end or within an approved extension request.

Condition

The audited financial statements as of and for the year ended June 30, 2012 was not published by December 31, 2012 (statutory due date).

Questioned Costs

None.

Context

Federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effort

Noncompliance with the requirement of Louisiana Audit Law.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-14

Cause

HACA's audit delay was caused primarily by the untimely finalization of its general ledger and other challenges associated with its financial records to facilitate the start and completion of audit fieldwork.

Recommendation

As HACA continues to restructure its financial sections, greater emphasis should be placed on the financial operating cycle to ensure complete and accurate financial information reporting.

An enhanced coordination between the new fee accountant and the accounting department staff should ensure the timely analysis of significant accounts and the periodic preparation of financial statements for management's review, etc.

Furthermore, an enhanced level of oversight is necessary to ensure timely and accurate financial information.

Management's Response and Planned Corrective Action

Due to the unexpected change of fee accountants at fiscal year end, there was a delay in the year end process for the fiscal year ending June 30, 2012. HACA is currently on target to assist in the next audit being completed in a timely manner.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-15

Federal Award Program

Low Rent Public Housing and Capital Fund Programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2012 revealed the following conditions:

- o At June 30, 2012, the books and records of **HACA** reflected construction-in-progress of \$12,348,952 prior to the effect of an audit adjustment. The amount represents an increase of \$10,262,404 over the balance of \$2,086,548 reported in the prior year. Our discussions with management indicated that the increase was primarily attributable to capital assets that had been previously placed in service that were reclassified as construction-in-progress. This treatment is contrary to generally accepted accounting principles.
- o During the course of the audit, we also noted that various line items included in the **HACA's** capital asset ledger (book asset detail) were identified only as "2011 Audit Adjustment" and did not have a specific property description.
- o Further, management was unable to provide adequate supporting documentation for capital assets reflected on its general ledger at June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-15

Questioned Costs

None.

Context

Total federal award for the Low Rent Public Housing Program was \$1,419,181 or (21.5)% and Capital Fund Program was \$1,591,911 or (24.2)% of the total federal award for the year ended June 30, 2012.

Effect or Potential Effect

Potential misstatement and misclassification in recorded information to include accountability for all capital assets.

Cause

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

Recommendation

Management should review the composition of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded to ensure the completeness by category in recorded amounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-15

Management's Response and Planned Corrective Action

Management and the fee accountant are working towards a realignment of the control accounts to their respective subsidiary ledgers.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs

Reference Number

2012-16

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

In two (2) instance of eighteen (18) files tested, we were unable to verify on file executed Form HUD 9886.

Context

Total expenditures of federal award for the year ended June 30, 2012 for the Low Rent Public Housing Program was \$1,419,181 or (21.5)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-16

Cause

Lack of an effective monitoring process in place to ensure complete and documented compliance with all eligibility requirements as dictated by Board policy and HUD regulations.

Recommendation

Management should ensure the completeness of information used and reports submitted in the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management will implement routine file reviews with adequate checklists to insure that form 9886 is present in tenant file.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-17

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24CFR sections 5.230, 5.609 and 960.259, **HACA** is required as a condition of admission or continued occupancy, to secure from its tenants and other family members all necessary documentation and releases to verify income eligibility etc.

Condition

In one (1) instance of eighteen (18) files tested, we were unable to verify the social security information or a certification that the person has no social security number.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Public Housing Program was \$1,419,181 or (21.5)% of the total federal award for the year ended June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-17

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR sections 5.230, 5.609 and 960.259.

Cause

Level of oversight at the supervisory level.

Recommendation

Management should ensure that all tenant files include all necessary documentation to support the basis for occupancy.

Management's Response and Planned Corrective Action

Management will implement routine file reviews with adequate checklists to insure that all required documents are present in tenant file.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-18

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the development and implementation of written policies and procedures pursuant to HUD regulations to address eligibility, determination of income and rent and leasing and continuing occupancy.

Condition

The current Admission and Continuing Occupancy Plan (ACOP) for **HACA** is outdated as it pertains to certain HUD regulations and practices.

Questioned Costs

None.

Context

Total amount of federal awards expended for the Low Rent Public Housing Program for the year ended June 30, 2012 was \$1,419,181.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-18

Effect or Potential Effect

Completeness of guidance afforded staff in the administration of the Low Rent Public Housing Program.

Cause

Lack of an established system in place to ensure the timely update of all policies and procedures.

Recommendation

Management should review and update the current ACOP.

Management's Response and Planned Corrective Action

Management has established a timeline to review current ACOP and will insure that it is evaluated on an annual basis.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-19

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Management of HACA developed and the Board approved policies in June 2012 aimed at addressing its internal control design and operation. However, for the period under audit, we noted the following significant conditions in the design and operation of HACA's internal control:

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the significant components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-19

Context

Total amount of federal awards expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA has not implemented formal policies and procedures to ensure the safeguarding of assets. Further, there are no implemented design and documentation of internal controls.

Recommendation

Management should implement all accounting policies and procedures.

Further, HACA should continue its risk assessment of its operations aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the complete implementation of an effective and efficient design and operation of its internal controls.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-19

Management's Response and Planned Corrective Action

- o **HACA** has implemented on-going training for the current staff in the weak areas so that they can fulfill their assigned functions adequately.
- o Re-wrote and revised policies and procedures approved by Board of Commissioners in June 2012.
- o Implemented a reconciliation schedule for all significant accounts to be reconciled on a monthly basis with the necessary back up documentation.

HACA continues to assess and revise accounting policies and procedures in an effort to optimize the internal control system to produce an efficient and effective design as training of **HACA** personnel and acquisition of new resources continues.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-20

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

For the year ended June 30, 2012, no monthly financial statements and budget to actual reports were prepared and submitted to the Board for review. Further, our review of the detail general ledger generated by **HACA**'s fee accountant for the year ended June 30, 2012, revealed the following significant conditions:

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Further, management was unable to provide us with detail supporting documentation for the following selected general ledger accounts: HUD grants receivable of \$2,876,897, capital assets specifically categorized as construction in progress of \$12,348,952, deferred revenue of \$22,112.

Receivable balances for the capital fund programs were derived by the fee accountant via recordation of the net change in balances. As such, we are unable to audit the completeness in recorded amounts to the respective program as the methodology assume completeness in beginning balances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-20

Condition, Continued

- o General ledger account balances such as vendor transactions at June 30, 2012, were lumped into one general ledger account without adequate account detail to facilitate our testing.
- o Also noted unreconciled differences in the beginning (July 1, 2011) and ending (June 30, 2012) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification for the Housing Choice Program. On February 8, 2013, our request for an analysis of net assets remains outstanding.
- o The general ledger for June 30, 2012, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.
- o Noted that depreciation expense previously recorded for assets placed in service prior to June 30, 2012 was reversed in the current year.
- o Interest and other income accounts in the June 30, 2012 general ledger reflected balances contrary to their normal account balances.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-20

Context

Total amount of federal awards expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

The effect or potential effect include:

- o Potential misstatement in recorded financial transactions.
- o Noncompliance with the requirements of HUD regulations and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of in-house capacity, external resources and systems in place to facilitate the timely analysis and review to ensure the completeness of all executed financial transactions.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

Management and its fee accountant are working on a plan to address the specific issues raised in the condition. Management anticipates resolution by no later than May 31, 2013.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-21

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA**.

Condition

The results of our testing of cash disbursement transactions for the month of December 2011 (month judgementally selected for testing), revealed the following conditions:

- o Eleven (11) of the twenty-four (24) transactions tested were not canceled to avoid the potential for duplicate use.
- o We were unable in six (6) of twenty-four (24) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o No written documentation noted in four (4) of twenty-four (24) cash disbursement transactions, as to the type and basis for procurement of goods and services.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-21

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Deficiencies in HACA's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-21

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Management's Response and Planned Corrective Action

In addition to the policies and procedures developed and implemented beginning in June 2012, **HACA** will begin an internal audit of these procedures to minimize the risk of non-compliance and mitigate the risk of asset misappropriation. This internal audit will attempt to reveal non-compliance with the accounting policies and procedures and hold personnel accountable to proper implementation of these procedures.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-22

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, **HACA** is required to submit to HUD Form 50058 to include information such as birth certificate, total annual income, etc.

Condition

In all eighteen (18) tenant files tested, we noted no written evidence on file to support verification of any prior lease violations.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Public Housing Program was \$1,419,181 or (21.5)% of the total federal award for the year ended June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-22

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.205.

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management will implement routine checklists to insure that all required eligibility information is in-place and routine file reviews to insure that all documentation is present in all tenant files.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-23

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

Our testing of five (5) employee files for payroll transactions executed during the month of December 2011 (month judgementally selected for testing), revealed the following conditions:

- o Lack of a written payroll procedure to include an updated personnel Handbook through May 2012.
- o Unapproved leave request forms and incomplete clock in/out procedures for five (5) of five (5) employees tested.
- o Leave information was not adequately tracked to ensure completeness. Based on testwork performed, we were unable to agree leave approved and used to the paychecks executed for December 2, 16 and 29, 2011.
- o Incomplete and missing certification for W-4, L-4 and Section 2 of one (1) I-9 form.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-23

Condition, Continued

- o Payroll is paid through the payroll payment date which requires estimating the last payroll day. Additionally, payroll is processed based on an estimated eighty (80) hours without the benefit of approved time sheets and leave used through the pay date. Any applicable adjustments for hours worked and/or leave used are reported on the subsequent payroll date.
- o In all five (5) files reviewed, we noted missing authorization on file to support other deductions other than taxes.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Potential for overpayment in employee compensation.

Cause

Lack of an effective personnel administration process in place to include the current established practice of accounting for payroll and leave.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-23

Recommendation

Management should review and implement changes to **HACA's** personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all personnel cost, and to provide for the maintenance of all required documents (such as W-4, L-4, I-9, etc.) to include the necessary supervisory approvals.

Management's Response and Planned Corrective Action

Revisions to the accounting policies and procedures were implemented in June of 2012. Some of these procedures, detailed below are designed to document processes and to improve the completeness and accuracy of payroll reporting. **HACA** will begin an internal audit of these procedures to minimize the risk of non-compliance.

- o Re-wrote and revised policies and procedures approved by Board of Commissioners in June 2012.
- o As of July 2012, **HACA** changed the pay period ending dates allowing employees to be paid through only days they have completed a work day. This also allows the annual leave on each employee to be current.
- o **HACA** will create a hiring checklist to ensure that all necessary hiring forms (W-4, L-4 and I-9) are filled out upon being hired.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-24

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA** and the preparation of its financial statements.

Condition

We noted an inadequate design of internal control over significant general ledger accounts and processes to include system generated financial statements reporting. For the fiscal year ended June 30, 2012, we noted no evidence that monthly financial statements were generated and presented to the Board of Commissioners for review and discussion.

Questioned Costs

None.

Context

Total federal award expended was \$6,587,910 for the year ended June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-24

Effect or Potential Effect

Control deficiencies in **HACA's** internal control system may impact the Board of Commissioners' ability to review meaningful information on a timely basis and or statistics useful in making decisions.

Cause

It is our understanding that the TENMAST accounting system as currently mapped, does not allow for the generation of financial statements.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be generated and presented to the Board of Commissioners for decision making.

Management's Response and Planned Corrective Action

HACA has undertaken a software conversion process whereby the system will be configured to utilize the modern HUD chart of accounts and generate "FDS" financial statements for proper management of **HACA** assets and operations. While this conversion and implementation is underway, **HACA** has developed an external reporting mechanism capable of producing complete "FDS" financial statements suitable for management purposes and board presentation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-25

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy of financial reporting of **HACA**.

Condition

During the course of the audit, we continue to note that the financial statements as prepared by **HACA** required significant adjustments to fairly state account balances.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-25

Effect or Potential Effect

Deficiencies in HACA's internal control system which provides for an environment that is conducive to the misstatement of financial statements.

Cause

Size and resources assigned to the accounting function.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include HACA's resource capacity and current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

The implementation of the new HACA accounting policies and procedures, assessment and continuing education of HACA's personnel, the improved accounting database design, and the engagement of an external accountant are all designed to provide an accounting system that will produce timely, accurate, and complete general ledger balances and financial reports. HACA will continue to monitor and revise these strategies until the expected results are achieved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-26

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete reports for both internal and external users.

Condition

The "VMS" report of restricted net assets at December 31, 2011 (month judgementally selected for testing) did not agree to the amount reported on the general ledger for December 31, 2011.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 for the Housing Choice Voucher Program was \$3,576,818.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-26

Effect or Potential Effect

Completeness of reports submitted to regulatory bodies.

Cause

Lack of an established procedure to ensure the complete review of all reports prior to submission.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies.

Management's Response and Planned Corrective Action

Monthly reconciliations are completed to ensure that the general ledger matches the monthly HCV HAP register.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-27

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy. Further, Annual Contribution Contracts require the proper accounting for program activity.

Condition

The current accounting records do not reflect restricted net assets for administrative fee and Housing Assistance Payments.

As such, HACA is unable to accurately roll-forward equity balances.

Further, the referenced condition may impact the correctness of funding from HUD.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-27

Context

Total federal award for the Housing Choice Voucher Program was \$3,576,818 or (54.3)% of the total federal award for the year ended June 30, 2012.

Effect or Potential Effect

Potential misstatement in recorded information to include its impact on the correctness of funding from HUD.

Cause

Lack of an established procedure in place to ensure the accounting for all equity transactions.

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net assets.

Management's Response and Planned Corrective Action

HACA has been working with HUD to agree on a restricted net asset equity balance. HACA will review the records again and make the necessary adjustments so that all items can be properly stated for the future.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-28

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management is responsible for the establishment of effective and efficient internal control over financial reporting of all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

At June 30, 2012 inter-fund account balances were out-of-balance by \$61,767.

Questioned Costs

None

Context

Inter-fund receivables were \$5,834,349 while inter-fund payables were \$5,896,116.

Effect or Potential Effect

There exist the potential for overstatement or understatement of inter-fund balances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-28

Cause

There appears to be a lack of in-house technical capacity and implemented systems to facilitate the timely analysis and review of financial statements to ensure completeness and accuracy of financial statements.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are recorded in the general ledger in a timely and accurate manner.

Management's Response and Planned Corrective Action

HACA's staff and the fee accountant are working to reconcile these accounts. These accounts have been historically out of balance. Once the reconciliation is completed, the new, properly configured accounting database will keep these accounts in balance. In addition, accounting personnel will monitor these accounts to ensure and validate the system integrity.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-29

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

HACA is required to submit Form HUD 60002.

Condition

We were unable to verify submission of Form HUD 60002 by HACA's personnel.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2012 was \$6,587,910.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-29

Cause

Lack of an established process to ensure compliance with HUD reporting requirements.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the date(s) of completeness in the submission process.

Management's Response and Planned Corrective Action

HACA has developed procedures where all data that is to be submitted to HUD is completed/submitted in a timely manner.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2011-01 and 2011-31

Condition

Our review of the current design and operation of **HACA's** internal control revealed the following significant conditions:

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Recommendation

Management should develop and formalize its accounting policies and procedures.

In addition, **HACA** should undertake a complete risk assessment of its operations aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the implementation of an effective and efficient design and operation of its internal controls.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01 and 2011-31

Current Status

Unresolved. See current year's findings reference numbers 2012-01 and 2012-19.

The following actions have been taken to address this audit finding:

- o **HACA** has implemented on-going training for the current staff in the weak areas so that they can fulfill their assigned functions adequately.
- o Re-wrote and revised policies and procedures approved by Board of Commissioners June 2012.
- o Implemented a reconciliation schedule for all significant accounts to be reconciled on a monthly basis with the necessary back up documentation.

Also, **HACA** hired a public housing fee accountant on August 16, 2012. Additional direction has been given on all internal control, significant accounts and accounting policies and procedures.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02 and 2011-32

Condition

Our review of the detail general ledger generated by HACA's fee accountant for the year ended June 30, 2011, revealed the following significant conditions:

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Further, management was unable to provide us with detail supporting documentation for the following selected general ledger accounts: HUD grants receivable \$89,849 (various "AMPs"), Green Grant deferred charges of \$23,080 (Capital Fund), "AARA" grant deferred charges of \$20,707 (Capital Fund) deferred credit of \$13,762 (Capital Fund) and Legacy Heights reimbursements of \$681,789 (Central Office Costs Center).

- o General ledger account balances such as vendor transactions at June 30, 2011, were lumped into one general ledger account without adequate account detail to facilitate our testing.
- o At June 30, 2011, interfund activities reflected a net out-of-balance condition of \$20,931. Further, we noted account balances for interfund activities that were reported in the general ledger contrary to their respective normal account balances.
- o Also noted unreconciled differences in the beginning (July 1, 2010) and ending (June 30, 2011) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification. At March 29, 2012, our request for an analysis of net assets remains outstanding.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02 and 2011-32

Condition, Continued

- o The general ledger for June 30, 2011, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Unresolved. See current year's findings reference numbers 2012-02 and 2012-20.

Implemented a process so that all necessary supporting documentation will support the journal entries that are keyed into the system on a monthly basis. **HACA** hired a public housing fee accountant on August 16, 2012. Effective September 2012 all journal entries have been split up to show the detail.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-03 and 2011-33

Condition

The results of our review of cash disbursement transactions for the month of October 2010 (month judgementally selected for testing), revealed the following conditions:

- o Invoice for one (1) of the eighteen (18) transactions tested was not canceled to avoid the potential for duplicate use.
- o We were unable in one (1) of eighteen (18) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o Bid or procurement package in one (1) of the eighteen (18) transactions tested was not available for testwork.
- o **HACA** was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
- o We noted no allocation of cost for one (1) of eighteen (18) transactions tested.
- o We were unable to verify the authorized signature of one (1) of eighteen (18) transactions tested, as the signed cancelled check was not provided for review.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-03 and 2011-33

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Current Status

Unresolved. See current year's findings reference numbers 2012-03 and 2012-21.

All actions listed below began as of December 2011.

- o All voided invoices are being stamped voided. In the event that it has already been stamped "entered" we will mark through the "entered" stamp and stamp "void" with initials to accompany the change and hinder the possibility of duplication.
- o **HACA** will view and print the HUD debarred list to ensure that vendors being used are not on the list.
- o In July 2012 **HACA** hired a Procurement Specialist to ensure that **HACA** is procuring services according to Agency, State and Federal Procurement Laws.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-04

Condition

Our testing of six (6) employee files for payroll transactions executed during the month of October 2010 (month judgementally selected for testing), revealed the following conditions:

- o Lack of a written payroll procedure to include an updated personnel Handbook.
- o Unapproved leave request forms or incomplete clock in/out procedures for six (6) of six (6) employees tested.
- o Leave information was not adequately tracked to ensure completeness. Based on testwork performed, we were unable to agree leave approved and used for October 8, 2010 (pay date) to leave charged for October 22, 2010 (pay date) for tested employees.
- o Payroll is paid through the payroll payment date which requires estimating the last payroll day. Additionally, payroll is processed based on an estimated eighty (80) hours without the benefit of approved time sheets and leave used through the pay date. Any applicable adjustments for hours worked and/or leave used are reported on the subsequent payroll date.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-04

Recommendation

Management should review and implement changes to **HACA's** personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all personnel cost, and to provide for the maintenance of all required documents to include the necessary supervisory approvals.

Current Status

Unresolved. See current year's findings reference numbers 2012-04 and 2012-23.

Re-wrote and revised policies and procedures approved by Board of Commissioners June 2012.

As of July 2012, **HACA** changed the pay period ending dates allowing employees to be paid through only days they have completed a work day. This also allowed the annual leave on each employee to be current.

HACA will create a hiring checklist to ensure that all necessary hiring forms (W-4, L-4 and I-9) are filled out upon being hired November 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-05

Condition

The operating bank account reconciliations for October 2010 and June 2011, revealed the following conditions:

- o The bank account reconciliations were incomplete because the ending balances as reflected on the reconciliations did not agree to their respective general ledger account balances. Further, the reconciliations lacked detail supporting schedules for reconciling items such as outstanding checks, deposits in transit etc.

For October 2010 (month judgementally selected for testing), we noted inconsistencies between transactions reported on the general ledger and that reported on **HACA's** transaction Edit Listing.

- o Likewise, we noted an unreconciled difference between the cash balance reported on the bank account reconciliation and the cash balance reported in the general ledger of Legacy Height program for October 2010.
- o We also noted that the accounting staff have unsupervised access to the signature plates when the custodian of the plate is not present during its use. Further, we noted limited segregation of duties in the cash disbursement processes within the Accounting Department.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-05

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of bank account reconciliations to include the resolution of resulting differences.

All processed checks requiring the use of the signature plate, should be performed in the presence of the custodian of the plate at all times.

Current Status

Resolved.

In June 2012, HACA has ensured that upon completion of reconciling accounts there is necessary detailed documentation. HACA will continue to reconcile the transaction edit listing to the general ledger monthly to ensure that all items are being accounted for. The cash bank reconciliations have continued to be completed by the accounting staff by the 10th of the month. The Executive Director or designee will sign off on the statements providing that he/she has reviewed them. As of October 2012, the accounting staff does not sign checks. This duty has been given to someone who is not in the accounting department to create a separation of duties.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-06

Condition

Our testing of capital assets at June 30, 2011 revealed the following conditions:

- o Management of **HACA** was unable to provide us with a complete detail of the description, date of acquisition and/or disposition where applicable, and associated cost for its capital assets as of June 30, 2011. In addition, **HACA** did not have a detail depreciation schedule to facilitate our testing for completeness in recorded amounts.
- o No maintenance of complete capital assets subsidiary ledgers for all capital assets. Further, a detail schedule maintained for capital assets provided to us did not agree to the general ledger control account balance. Further, we were unable to conclude on the completeness of the balance as the supporting schedules carried forward were incomplete.
- o Construction in process reported in the prior year's audit report totaling \$3,610,027 was not noted on the current year's trial balance to include a detail of activity in the account during the year ended June 30, 2011.
- o Respective dates placed in service for assets were inconsistent with depreciation calculations.
- o The March 2, 2012 reconstructed capital assets schedule provided to us by management omitted assets totaling \$4,657,037 and accumulated depreciation totaling \$4,083,504 for Fairview Terrance.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-06

Condition, Continued

- o Dollar balances for office, furniture and equipment totaling \$49,474 and non-dwelling equipment totaling \$75,884 did not reconcile to the respective general ledger amounts for Central Office Cost Center.
- o Building improvements totaling \$7,163,822 on the referenced schedule did not reconcile to costs totaling \$1,017,630 on the general ledger. Likewise, reported accumulated depreciation totaling \$4,624,583 did not agree to the amount of \$1,544,757 reported on the general ledger.
- o We noted capital assets reported as placed in service for forty (40) years being depreciated over a fifteen (15) year useful life.

Recommendation

Management should perform a complete reconstruction of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded.

The reconstruction should include the recorded accumulated depreciation balance at June 30, 2011.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-06

Current Status

Unresolved. See current year's findings reference numbers 2012-15 and 2012-20.

After a thorough physical count of all movable assets, an accurate capital asset depreciation schedule was created. Depreciation was recalculated for prior years, assets below the capitalization policy were written off, and assets were identified with both general ledger accounts and appropriate asset management programs. Immovable assets, including land, buildings, and capitalized building improvements were recorded in the depreciation schedule at values per the prior audit. A comprehensive schedule of construction in progress was developed from the grant records indicating the funding source and general ledger memo accounts related to the acquisition costs. All of the asset schedules, including accumulated depreciation, agree to the general ledger. Where adjustments were required, a prior period adjustment was recorded. Procedures to reconcile the capital asset accounts and construction in progress accounts to the general ledger have been created and implemented.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-07 and 2011-36

Condition

Our testing of capital assets at June 30, 2011 revealed the following conditions:

- o Based on our review of the detail grant information maintained by HUD under its LOCCs system for Capital Funds awarded to **HACA** for the year ended June 30, 2011, we noted the return of funds totaling \$639,613 consisting of \$334,490 in Capital Fund Recovery Competitive grant and \$305,123 in Capital Fund Recovery grant. Further, we noted the rejection of several requisitions for capital funds executed by **HACA**.

Our review of the associated requests for drawdown revealed reasons such as the need for invoices and documentation to support amounts being requisitioned, requests exceeding the maximum grant dollar threshold, required review and approval by HUD personnel etc. In addition, **HACA** secured as a part of the Legacy Heights project, a \$2,500,000 loan from a bank.

At June 30, 2011, and March 29, 2012, we are unable to determine through discussion and review of documents provided, the status of the collected funds by HUD, rejected requests for funds and the reimbursement, if any for the \$2,500,000 in a bank loan expended on payment to various contractors in connection with the Legacy Heights project.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-07 and 2011-36

Recommendation

Management should evaluate the collectibility in recorded receivables at June 30, 2011. Further a subsidiary ledger by grant should be constructed by the Accounting Department to facilitate the periodic analysis of all grant activities. This process should be coordinated with the personnel charged with drawdown responsibility to ensure completeness in recorded grant activities.

Further, management should continue in its dialogue with HUD personnel to resolve the referenced conditions.

Current Status

Resolved.

The grant subsidiary ledgers have been redesigned to accurately and timely track grant activity and record related expenditures and revenues recognized. The general ledger contains memo accounts by grant and records grant revenue, receivables, increases to construction in progress and other related grant accounts. In addition, an external reconciliation process was created to correspond to the general ledger and HUD systems. This process includes a detailed account of grant expenditures by asset management program and by grant budget line item. This reconciliation process is complete as of June 30, 2012 and all components of the grant activity agree to the general ledger and HUD systems. This reconciliation system will be used on a monthly basis going forward.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-08

Condition

HACA does not have an approved investment policy.

Recommendation

Management should develop for board approval, an investment policy pursuant to the requirements of State Law.

Current Status

Resolved.

HACA has a board approved investment policy. It was approved in October 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-09 and 2011-28

Condition

We noted prior to the effect of an audit adjustment, unreconciled differences of \$644,010 and \$6,831, respectively for payments made to landlords and utility reimbursement benefits for the year ended June 30, 2011 in the Housing Choice Voucher Program between the HAP register and the general ledger control account.

Likewise, we noted differences of \$634 and \$482, respectively for payments made to landlords and utility reimbursement benefits for the month of October 2010 (month judgementally selected for testing).

Recommendation

Management should implement procedures and processes with the approval of the Board of Commissioners that address the monthly financial processing aimed at the completeness in recorded financial transactions. Such a process should include the monthly analysis of all significant general ledger accounts from the subsidiary ledgers to their respective control general ledger accounts.

Current Status

Resolved.

Monthly reconciliations are completed to ensure that the general ledger matches the monthly HCV HAP register. This process began February 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-10

Condition

We noted unreconciled differences of \$10,290 and \$13,051, respectively for payments made to landlords and utility reimbursement benefits between the Veteran Affairs Supportive Housing (VASH) "HAP" Register and the general ledger control account for the year ended June 30, 2011.

Recommendation

Management should implement procedures and processes with the approval of the Board of Commissioners to address the referenced condition. Such processes should include the periodic reconciliation of all significant subsidiary ledgers to their respective general ledger control accounts.

Current Status

Resolved.

Monthly reconciliations are completed to ensure that the general ledger matches the monthly VASH HAP register. This process began February 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-11 and 2011-34

Condition

The results of our review of twenty-five (25) cash disbursement transactions for the month of October 2010 (month judgementally selected for testing) revealed the following conditions:

- o One (1) of twenty-five (25) transactions did not agree to the Housing Assistance Payment Register. The difference of \$44 was due to an administrative fee amount not extending to the total payment column on the "HAP" Register.
- o One (1) of twenty-five (25) disbursements tested reflected a reduction to the scheduled monthly payment amount to a landlord without the benefit of adequate support documentation.
- o One (1) check totaling \$459 noted as voided on the "HAP" check register was not voided on the Transaction Edit Listing.

Recommendation

We recommend that management with approval by the Board of Commissioners, develop and implement procedures and processes in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition.

Current Status

Resolved.

HACA started to monitor the HAP register on a monthly basis through running more thorough reporting and ensure that the two reconcile.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-12

Condition

- o Fourteen (14) checks were more than ninety (90) days outstanding at October 31, 2010 (month judgementally selected for testing) and thirty-nine (39) checks at June 30, 2011.
- o We also noted that the accounting staff have unsupervised access to the signature plates when the custodian of the plate is not present during its use. Further, we noted limited segregation of duties within the Accounting Department.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences.

All processed checks requiring the use of the signature plate should be performed in the presence of the custodian of the plate at all times.

Current Status

Resolved.

HACA created a void policy in June 2012 that addresses the outstanding checks. All checks that are 90 days or past must come off by voiding or voiding and re-issuing if the client is still on the program (Section 8 Public Housing or VASH).

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-13

Condition

The results of our review of seven (7) cash disbursement transactions for the month of October 2010, (month judgementally selected for testing) revealed the following conditions:

- o Two (2) of seven (7) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers. The expenses for lawn care services were capitalized.
- o In one (1) of seven (7) cash disbursement transactions tested, supporting documentation in the form of a contractual agreement was misfiled or not available for our review.
- o We were unable in five (5) of seven (7) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
- o Bid or procurement packages in five (5) of the seven (7) transactions tested were not available for testwork. However, we did note executed contracts for four (4) of five (5) transactions tested. The remaining two (2) were for contracts executed in a prior period.
- o For one (1) of the seven (7) transactions tested, we noted no general ledger account number coded.
- o **HACA** was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
- o One (1) of seven (7) checks requiring dual signatures reflected only one (1) signature.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-13

Recommendation

Current management should initiate, develop and implement procedures and processes, with approval from the Board of Commissioners to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

All supporting documents should be filed and maintained on a current basis.

Current Status

Unresolved. See current year's findings reference numbers 2012-03 and 2012-10 and 2012-21.

HACA will view/print the HUD debarred list to ensure that vendors being used are not on the list.

In July 2012, **HACA** hired a Procurement Specialist to ensure that **HACA** is procuring services according to **HACA**, State and Federal Procurement Laws.

HACA has more effective communication to ensure that all capital funds transactions are posted to the correct accounts. Also, **HACA** is continuously seeking training in the area of capital funds management.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-14 and 2011-35

Condition

The March 2, 2012 reconstructed capital assets detail provided to us by management did not provide information on construction in process at June 30, 2011.

Further, we were unable to determine a rollover of the construction in process or completed construction balance at June 30, 2011.

Recommendation

Management should perform a complete reconstruction of its detail capital assets to include the associated accumulated depreciation and reconcile to the general ledger balances and the necessary adjustments recorded.

Current Status

Unresolved. See current year's findings reference numbers 2012-15 and 2012-20.

After a thorough physical count of all movable assets, an accurate capital asset depreciation schedule was created. Depreciation was recalculated for prior years, assets below the capitalization policy were written off, and assets were identified with both general ledger accounts and appropriate asset management programs. Immovable assets, including land, buildings, and capitalized building improvements were recorded in the depreciation schedule at values per the prior audit. A comprehensive schedule of construction in progress was developed from the grant records indicating the funding source and general ledger memo accounts related to the acquisition costs. All of the asset schedules, including accumulated depreciation, agree to the general ledger. Where adjustments were required, a prior period adjustment was recorded. Procedures to reconcile the capital asset accounts and construction in progress accounts to the general ledger have been created and implemented.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV- Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-15

Condition

The audited financial statements as of and for the year ended June 30, 2011 was not published by December 31, 2011 (statutory due date).

Recommendation

As HACA continues to restructure its financial sections, greater emphasis should be placed on the financial operating cycle to ensure complete and accurate financial information reporting.

An enhanced coordination between the new fee accountant and the accounting department staff should ensure the timely analysis of significant accounts and the periodic preparation of financial statements for management's review, etc.

Furthermore, an enhanced level of oversight is necessary to ensure timely and accurate financial information.

Current Status

Unresolved. See current year's finding reference number 2012-14.

HACA has planned more efficiently for the coming audit periods allowing for there to be no missed deadlines for the audited submission to the State of Louisiana on or before December 31, 2012. We have established time lines for the Auditor to ensure that we are timely in submitting the audit.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Finding and Questioned Costs, Continued

Reference Number

2011-16

Condition

We noted an inadequate design of internal control over significant general ledger accounts and processes to include system generated financial statements reporting. For the fiscal year ended June 30, 2011, we noted no evidence that monthly financial statements were generated and presented to the Board of Commissioners for review and discussion.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be generated and presented to the Board of Commissioners for decision making.

Current Status

Unresolved. See current year's findings reference numbers 2012-06 and 2012-25.

HACA staff is working to ensure that all system generated reports depict an accurate picture of the state of HACA. This would include mapping accounts to and from the general ledger to ensure accurate data is being distributed. This process is ongoing with the software provider.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Status of Prior Year's Findings and Questioned Costs

Reference Number

2011-17

Condition

We were unable to verify submission of Form HUD 60002 by HACA's personnel.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Current Status

Unresolved. See current year's finding reference number 2012-29.

HACA did not complete the form in 2012. There are objectives in place to ensure a timely submission for January 2013.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-18

Condition

We were unable to verify the timely submission of one (1) of ten (10) completed Form HUD 50058 by HACA's personnel.

Recommendation

Management should ensure that all required reports submitted are adequately documented to afford an audit trail.

Current Status

Resolved.

Management will maintain a file system of all 50058 submitted and will make sure all 50058 are submitted within the 30 day time frame.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-19

Condition

The date of birth reported on Form HUD 50058 did not agree with the birth date noted on the birth certificate for one dependent in one (1) of the ten (10) files tested.

Recommendation

Management should ensure the completeness of information used and reports submitted in the determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2012-17.

Management will implement a monthly random detail review of tenant files by Public Housing Manager or designee to ensure consistency and accuracy of residents files. Also, we will ensure that the staff is adequately trained to recognize the accuracy.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-20

Condition

In two (2) instances of ten (10) files tested, we noted the lack of adequate documented evidence of community services performed by eligible tenants.

Recommendation

Management should review existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-21

Condition

Our test of ten (10) tenant files for the Low Rent Public Housing Program, revealed in two (2) instances, differences between the first month's prorated rent per the executed lease agreement and the prorated rent based on our re-calculation.

Recommendation

Management should provide oversight in the work effort of staff to ensure completeness in all financial transaction through periodic sampling.

Current Status

Unresolved. See report on other matters reference number OM 2012-02.

Management has implemented a monthly random detail review of tenant files by Public Housing Manager or designee to ensure consistency and accuracy of residents files.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-22

Condition

In one (1) of fifteen (15) files tested, we noted a difference in the number of bedrooms reflected on the inspection report and the number reported on Form HUD 50058.

Further, in one (1) of fifteen (15) files tested, we noted no allowance for certain utilities noted as the tenant's responsibility.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Current Status

Resolved.

The HUD Form 52641 takes precedence in determining actual allowable for utilities. The *Request for Tenancy Approval* is an initial document that is submitted to request occupancy. Once the inspection is completed, the correct items are keyed in and placement in tenant file.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-23

Condition

In seven (7) instances of fifteen (15) files tested, we noted where **HACA's** documented rent reasonableness were dated after the lease commencement date.

Recommendation

Management should provide oversight through the use of sampling to ensure the complete processing and filing of all required data.

Current Status

Resolved.

To provide consistency and compliance with the process, the rent reasonableness documentation will be attached prior to the inspection to ensure consistency with dates.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-24

Condition

In three (3) of the fifteen (15) tenant files tested, we noted that the Form HUD 214 were dated after the lease commencement date.

Further, in two (2) of the fifteen (15) files tested Form HUD 214 certification of citizenship were incomplete.

Recommendation

Management should periodically review files to ensure their completeness.

Current Status

Resolved.

Management has provided oversight to ensure that forms are properly completed and dated prior to lease commencement date.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-25

Condition

- o In one (1) of fifteen (15) files tested, the first name on the social security card and birth certificate did not agree with the name appearing on all documents including Form HUD 50058.
- o In one (1) instance of the fifteen (15) files tested, the inspection date on Form HUD 50058 did not agree with the date noted on the inspection report.
- o In one (1) of fifteen (15) files tested, the tenant's deduction for an allowance used by **HACA**, lacked a documented basis for the claim.

Recommendation

Management should enhance its oversight of tenant files processed to minimize, if not eliminate, errors in the certification and/or re-certification process.

Current Status

Unresolved. See current year's finding reference number 2012-17.

Program participants will be requested to have documents issued in the same name for both documents (S.S. Card and Birth Certificate) to maintain consistency.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-26

Condition

For the SEMAP certification submitted for the year ended June 30, 2011, we noted a discrepancy between the date certified by management of August 22, 2011 and the date documented for sample selection from HACA's waiting list of October 25, 2011.

Recommendation

Management should ensure that all reports are reviewed for completeness prior to submission to third parties.

Current Status

Resolved.

Management has taken the necessary steps to ensure all documentation and sample selection is within the audit period. The reports will be run prior to the date of certification.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-27

Condition

We noted that eight (8) of twenty-five (25) HQS enforcement inspections sampled by management had certification dates subsequent to August 22, 2011, the SEMAP report submission date.

Recommendation

Management should ensure that all samples used for its certification are performed and documented on a timely basis.

Current Status

Resolved.

Management will ensure that all samples used are within the certification period.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Federal Award Findings and Questioned Costs, Continued

Reference Number

2011-29

Condition

The results of our review of twenty-six (26) disbursement transactions revealed the following conditions:

- o Four (4) of twenty-six (26) transactions tested represented wire transfers approved by the executive director for which no supporting invoices were provided.
- o In thirteen (13) of twenty-six (26) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.

Management subsequently provided us with an "Application and Certification for Payment". Noted on the referenced application form, reference to the use of HACA's line of credit as the source for payment.

- o We were unable in seven (7) of twenty-six (26) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
- o We were unable to verify the validity of endorsements for twenty-one (21) of twenty-six (26) cancelled checks as the checks were not available for our review.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2011-29

Recommendation

Management should implement procedures and processes with approval from the Board of Commissioners, in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should continue its review of the accounting processing system to ascertain its completeness.

Current Status

Resolved.

There is a protocol in place for all wire transfers. This new procedure requires a one-over-one approval for all wires. Currently, no disbursements are made without proper source documents.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-30

Condition

Our testing of selected procurement transactions revealed where **HACA** failed to maintain supporting documentation to evidence advertisements placed, requests for bids/proposals evaluations, and/or board approval and cost and price analysis for seven (7) transactions tested.

Recommendation

Management should review its existing monitoring procedures to ensure its effectiveness in ensuring the performance of due diligence, file documentation and maintenance to support its actions. Further, the required cost and price analysis should be performed and documented accordingly.

Current Status

Unresolved. See current year's findings reference numbers 2012-03 and 2012-21.

A Procurement Officer and Procurement Team have been established to ensure a fair and objective procurement process is done according to federal and state procurement laws and **HACA's** Procurement Policy.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-01

Condition

HACA has not updated its general ledger since June 30, 2010.

HACA cannot adequately reconcile bank statements since June 30, 2010 without an updated general ledger.

HACA has not produced computerized financial statements and computerized reports since June 30, 2010.

Recommendation

None noted in report provided to us.

Current Status

Unresolved. See current year's findings reference numbers 2012-05 and 2012-24.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-02 and 2009-01

Condition

This is a repeat of finding 2009-01. As of June 30, 2010:

HACA reported interfund loans between programs totaling \$1,101,343.

Programs without any money to repay these loans:

<u>Program Owing Money</u>	<u>Amount It Owes</u>	<u>Equity Available To Pay Loans</u>
Central Office Cost Center	\$783,883	\$(743,878)
Housing Choice Vouchers	\$221,230	\$(271,589)

For the above programs identified, equity available is negative. As such the programs do not have the capacity to repay the advances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-02 and 2009-01

Condition, Continued

Program Prohibited from Lending Federal Funds Out:

Low Rent Public Housing Program advance funds to the COCC by AMP in violation of the Asset Management Requirements, the ACC, and the 1937 Act of Congress:

AMP 1	\$134,751
AMP 2	23,027
AMP 6	98,618
AMP 7	27,893
AMP 8	180,035
AMP 9	<u>10,744</u>
Total	<u>\$475,068</u>

Note that the COCC advanced AMP's monies as follows:

AMP 3	\$ 10,125
AMP 4	2,942
AMP 5	<u>83,163</u>
Total	<u>\$ 96,230</u>

Disaster Voucher Program (DVP) advanced funds to the Housing Choice Voucher Program (HCV) in violation of DVP requirements that unrestricted net assets remaining at the conclusion of the program be used for future disaster uses.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-02 and 2009-01

Recommendation

This is a repeat finding. I recommended that **HACA** designate a particular staff member for ensuring that all inter program balances are paid off each month. If the designated **HACA** staff member determines that the program owing inter program monies does not have enough cash to pay off the inter program amounts for any month, I suggest that staff member be required to submit a written report to the board describing the circumstances.

Current Status

Unresolved. See current year's reference numbers 2012-11 and 2012-28.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-03 and 2009-02

Condition

As of June 30, 2010, programs administered by HACA reported the following one (1) year operating losses:

Annual Operating Losses:

<u>Program/Account</u>	<u>Annual Loss Reported</u> (Line 10000 Total Revenue net of Total Expenses, with line 97400 Depreciation Added back)
Business Activities	\$ (55,060)
Central Office Cost Center	(164,166)
HCV Program: Administrative	(149,919)
Public Housing Program:	
AMP 1	(21,608)
AMP 2	(11,136)
AMP 3	(37,471)
AMP 4	(32,434)
AMP 5	(108,358)
AMP 6	(21,153)
AMP 7	(37,634)
AMP 9	<u>(9,706)</u>
AMP Total	<u>(279,500)</u>
Sub-total	<u>(648,645)</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Condition, Continued

I noted that of the five (5) columns reporting annual program activity on the FDS, only one (1) column reported a net operating profit. Four (4) of five (5) columnar programs report operating losses.

At June 30, 2010, the following programs reported cumulative net losses as follows:

Cumulative Program Net Losses - Unrestricted Net Assets:

Central Office Cost Center	\$ (743,878)
HCV Program	(271,589)
Public Housing AMP's 1 thru 9:	
AMP 3	(10,010)
AMP 4	(40,018)
AMP 5	<u>(105,126)</u>
AMP Total	<u>\$ (155,154)</u>
Programs with net losses - total	<u>\$ (1,170,621)</u>

HACA has operating equity of \$4,929 (unrestricted net assets).

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Condition, Continued

This is a real important measurement of financial strength. It means **HACA** received \$7 million of revenue this year and only had an equity cushion of \$4,929 with which to operate.

This contributes substantially to my decision to include "Going Concern" comments in my opinion of the Financial Statements.

Summary of last three (3) years annual operating losses for trend analysis:

2008

COCC	\$(437,973)	
Total		\$(437,973)

2009

COCC	\$(192,249)	
HCV	(413,602)	
Business activities	(62,319)	
21 st Century program	(77,137)	
AMP	<u>(7,584)</u>	
Total		<u>(752,891)</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Condition, Continued

2010

COCC	\$(164,166)	
HCV	(149,919)	
Public Housing:		
AMP 1	(21,608)	
AMP 2	(11,136)	
AMP 3	(37,471)	
AMP 4	(32,434)	
AMP 5	(108,358)	
AMP 6	(21,153)	
AMP 7	(37,634)	
AMP 9	<u>(9,706)</u>	
AMP total	(55,060)	
Business Activity	(279,500)	
Total 2010		<u><u>\$(684,645)</u></u>

These program lost \$1,875,509 in the last three (3) years.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Recommendation

I recommended that the Board of Commissioners recognize these financial warning signs as extremely serious and take immediate action to reverse the current financial direction.

I recommended that the Board of Commissioners call a special meeting of the Board as soon as possible and require management to present to the Board at that special meeting:

Identification of each **HACA** program/AMP, as of February 28, 2011, with a deficit in unrestricted net assets and/or an annual operating loss (line 10000 net of line 97400).

For each program identified above:

Require management to provide a one (1) page written plan for each program describing how they will turn around that program within thirty (30) days. In other words, describe how each program will produce a net operating profit for the next month's report. The board should then consider the turn around plan and either approve or disapprove it.

One (1) month later have management:

- 1) Report the results of each program turn around plan
- 2) Provide the same type of turn around plan for the next three (3) month period, to be approved or disapproved by the board

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03 and 2009-02

Recommendation, Continued

Three (3) months later have management:

- 1) Report the results of each program turn around plan
- 2) Provide the same type of turn around plan for the balance of the **HACA** fiscal year through March 31, 2012, to be approved or disapproved by the board

These recommendations are based on my opinion that **HACA** cannot continue to operate as it has for the last number of years and that drastic action needs to be taken now in order to avoid financial disaster.

Current Status

Unresolved. See current year's other matters report for reference number OM 2012-04.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-04

Condition

HACA did not provide me with timely Depository Agreements for seven (7) bank accounts whose cash deposits at year end totaled \$540,457. In February 2011 **HACA** secured Depository Agreements for all bank accounts.

Recommendations

I recommended that **HACA** staff comply with HUD regulations in the future and execute Depository Agreements with any banking institution holding **HACA** deposits.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-05

Condition

I noted material financial reporting errors requiring me to enter audit adjusting journal entries to the following programs in the following amounts:

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#1</u>		
Public Housing	Account receivable from HUD	\$(2,098,350)
ARRA Formula	Grant revenue	1,016,047
ARRA competitive	Grant revenue	853,926
Replacement grant	Grant revenue	228,377

Explanation:

These audit adjusting journal entries were required because **HACA** staff understood the above amounts were to be accrued as receivables from HUD and Grant revenue. We determined that the amounts and entries were measurable (the amount could be determined) but not available (HUD will not fund this until later). GAAP reporting required me to make the AJE's based on the above GAAP definitions.

These mistakes were caused because **HACA** staff was not fully advised of the unusual circumstances surrounding the new development grant and bank loan provisions. In this way this finding relates to circumstances described in Finding 2010-01.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2010-05

Condition, Continued

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#2</u>		
Public Housing	Current portion long term debt	\$ 1,297,802
Public Housing	Loan liability - noncurrent	(1,297,802)

Explanation:

As described above at AJE#1, **HACA** staff did not properly understand the terms of the loan. This AJE properly records the bank loan as a long term liability.

<u>Program</u>	<u>Account</u>	<u>Amount</u>
<u>AJE#3</u>		
Public Housing	Loan liability - noncurrent	\$ 779,058
Public Housing	Accounts payable vendors	(779,058)

Explanation:

HACA staff reported the bank loan balance incorrectly at year end. The AJE decreases the reported bank loan balance to the correct loan amount of \$1,297,802.

HACA staff should have recorded the accrual as an increase to accounts payable vendors.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2010-05

Recommendation

I recommended that **HACA** staff in the future pay particular attention to financial entries that could result in material financial statement misstatements. Additionally, I suggest **HACA** make every effort to ensure that all staff involved in coding transactions be fully informed of unusual circumstances such as in this case.

Current Status

Unresolved. See current year's findings reference numbers 2012-06 and 2012-25.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section V - Status of Compliance Audit

Reference Number

LA 2011-01

On August 3, 2011, the Legislative Auditor issued a compliance audit. The following represents the recommendations and current status.

Recommendations

The **HACA** should adopt policies and procedures to ensure public funds are spent according to appropriate polices and laws. Such procedures could include the following:

1. Ensure that the executive director is paid pursuant to written contract. The contract should be signed and include language specifying the directors' compensation, responsibilities, and duration of service.
2. Ensure that the **HACA** Board annually reviews salary adjustments to the executive director to determine if the adjustments were approved by the Board and comply with the terms of the director's employment contract.
3. Ensure that all salary increases are supported by proper documentation to include the reason for the increase and approval by the Board.
4. Seek recovery of all salary increases and lump sum payments made in violation of law and/or Board policy.
5. Ensure that payments made under the **HACA's** Optional Pay and Rewards and Recognition programs comply with agency policies and Civil Service rules.
6. Ensure that the **HACA** Board complies with the Louisiana public bid law.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

Section V - Status of Compliance Audit, Continued

Reference Number

LA 2011-01

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

EXIT CONFERENCE

The financial statements and related reports were discussed at an exit conference held with management of **Housing Authority of the City of Alexandria** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA ALEXANDRIA, LOUISIANA

Mr. Bobby Collins	--	Executive Director
Ms. Taura Denmon	--	Accountant
Mr. Mike Witt	--	Fee Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Mr. Armand E. Pinkney	--	Manager



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)**, as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered **HACA's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. This letter does not affect our report dated February 8, 2013 on **HACA's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012

The following is a listing of the current year's other matters related to internal control:

Reference Number

OM 2012-01

Condition

HACA should develop and implement the following policies and procedures:

- Credit card use, documentation, monitoring and control.
- Maintenance of a centralized contract log.
- Document retention.

Recommendation

Management should evaluate its current practice and develop and implement policies and procedures to enhance the safeguarding of assets.

Management's Response and Planned Corrective Action

HACA implemented a credit card policy in June 2012 and established a centralized area for contracts in August 2012. At this time HACA is seeking a process/policy to ensure the safeguarding of assets in the area of document retention.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-02

Condition

Our testing of selected tenant rent collection activity during the month of December 2011 (month judgementally selected for testing), for new tenants revealed variances between the rent amount reflected on the executed lease agreement and paid by the tenant.

It is our understanding through discussion with management that the variances result from several factors to include timing of move in etc.

Recommendation

Management should evaluate the internal control over rent collection particularly for new tenants and consider an enhanced documentation in the respective files for all payments varying from the rent amount based on executed contract.

Management's Response and Planned Corrective Action

Management will revisit with its current practice in an effort to enhance the level of documentation needed to support any and all variances in rent collection.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2012, CONTINUED

Reference Number

OM 2012-03

Condition

Our review of selected professional services revealed in two (2) instances where legal and accounting services billed and paid to the **HACA** were without the benefit of documentation to support the basis and type of procurement used.

Recommendation

Management should ensure that the basis and type of procurement pursuant to **HACA's** policy are documented and on file to facilitate independent review.

Management's Response and Planned Corrective Action

The referenced services were cancelled during the year ended June 30, 2012 and management currently follows its procurement policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-04

Condition

HACA continues to incur operating leases on its various programs except for the Capital Fund program.

Recommendation

Management should continue to contain cost and explore avenues for an enhancement of its operating revenue.

Management's Response and Planned Corrective Action Plan

HACA has instituted various cost containment measures aimed at a continued trend in reducing operating loss.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012, CONTINUED

Reference Number

OM - 2012-05

Condition

Currently, **HACA** uses various software to accumulate accounting and program information on a regular basis. However, we noted no formalized plan to require the offsite storage of all pertinent accounting and program data.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on **HACA**).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

Management's Response and Corrective Action Plan

Management is working on a plan to address the implementation of a formal disaster recovery plan.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2011 AND PRIOR

The following is a status of the prior year's other matters related to internal control:

Reference Number

OM - 2011-01

Condition

We were unable to review documented evidence of depository agreements for eight (8) of **HACA's** ten (10) accounts.

Based on our review of the June 30, 2010 audit report submitted, it appears that **HACA** had previously secured those documents.

Recommendation

Management should re-evaluate its current policies and procedures to address file documentation and records retention of required documents. Further, **HACA** should resubmit the missing documents for signatures by its banker.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number

OM - 2011-02

Condition

Currently, **HACA** uses various software to accumulate accounting and program information on a regular basis. However, we noted no formalized plan to require the offsite storage of all pertinent accounting and program data.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on **HACA**).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

Current Status

Unresolved. See current year's section of this report reference number OM 2012-05.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR YEARS, CONTINUED

Reference Numbers

ML 2009-01 and ML 2010-01

Condition

HACA's annual financial statement audit was published after the six (6) month statutory timeline.

Recommendation

None noted.

Current Status

Unresolved. See current year's audit finding reference number 2012-14.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

HACA's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

February 8, 2013